



*A n n u a l   R e p o r t* | 2003 - 2004

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**GRASIM**



Grasim Industries Limited

## IN HOMAGE TO A LEGEND



“Time and again, the supremacy of the human element cannot be over emphasized. The success or failure of an organisation depends on people, on human beings, on their talent, on their initiative, on their ability to lead, and coordinate with others, to work as a team.

It also depends on the ability of the organisation, to motivate them to greater heights”.

We carry forth his vision of people power.



ADITYA VIKRAM BIRLA  
*November 14, 1943 - October 1, 1995*

# GRASIM INDUSTRIES LIMITED

## BOARD OF DIRECTORS

Mr. Kumar Mangalam Birla, Chairman  
 Mrs. Rajashree Birla  
 Mr. M. L. Apte  
 Mr. M. C. Bagrodia  
 Mr. B. V. Bhargava  
 Mr. R. C. Bhargava  
 Mr. Y. P. Gupta  
 Mr. Cyril Shroff  
 Mr. S. G. Subrahmanyam  
 Mr. Shailendra K. Jain, Whole Time Director

## Adviser

Mr. D. P. Mandelia

## Chief Financial Officer

Mr. D. D. Rathi – Group Executive President & CFO

## Company Secretary

Mr. Ashok Malu

## Auditors

M/s G. P. Kapadia & Co., Mumbai  
 M/s Lodha & Co., New Delhi

## Solicitors

M/s Mulla & Mulla and Craigie, Blunt & Caroe,  
 Mumbai

## EXECUTIVES

### Staple Fibre & Pulp Divisions

Mr. Shailendra K. Jain President & Business Head  
 Mr. S. K. Saboo Group Executive President  
 Mr. O. P. Rungta Sr. Executive President,  
 Staple Fibre Division, Nagda  
 Mr. S. S. Maru Sr. Executive President, Pulp and  
 Grasilene Divisions, Harihar  
 Mr. Vijay Kaul Sr. Executive President,  
 Birla Cellulosic Division, Kharach  
 Mr. S. V. Kulkarni Executive President,  
 Birla Cellulosic Division, Kharach  
 Mr. Thomas Varghese Executive President (Mktg.)

### Cement Divisions

Mr. Saurabh Misra Business Head  
 Mr. O. P. Puranmalka Group Executive President &  
 Chief Marketing Officer  
 Mr. S. K. Maheshwari Sr. Executive President &  
 Chief Manufacturing Officer  
 Mr. L. N. Rawat Sr. Executive President,  
 Rajashree Cement  
 Mr. R. M. Gupta Sr. Executive President, Grasim Cement  
 Mr. D. P. Somani Executive President, Vikram Cement &  
 Aditya Cement  
 Mr. S. N. Jajoo Executive President, Birla White Cement  
 Mr. K. C. Birla Jt. President, Cement Division (South)

### Vikram Ispat

Mr. H. N. Singh Executive President

### Chemical Division

Mr. G. K. Tulsian Executive President  
 Mr. Sunil Kulwal Executive President

### Textile Divisions

Mr. Vikram D. Rao Group Executive President (Textiles)  
 Mr. S. Krishnamoorthy Chief Operating Officer

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<b>REGISTERED OFFICE: Birlagram, Nagda 456 331 (M.P.)</b>	



## THE CHAIRMAN'S LETTER TO SHAREHOLDERS



Dear Fellow Shareholders,

With the economy having gained its sheen, and having surged at 8 per cent during the year, backed by a good monsoon, and a resurgence on all fronts, consumer sentiments naturally revived. These developments at the macro level had a salutary effect on your Company's operations. All the sectors that your Company operates in gained in revenues and earnings. Your Company's results have been indeed path-breaking.

Gross revenues at Rs.6130 crores have risen by 13 per cent vis-à-vis Rs.5413 crores attained in the previous year. Profit before tax and exceptional items at Rs.1048 crores over Rs.713 crores of the previous year has soared by 47 per cent.

Significant progress has been made with regard to Ultra Tech Cemco Limited, which as you may be aware, is the demerged cement entity of Larsen & Toubro Ltd.

The Divestment of your Company's stake in Indo-Gulf, has been a value-creating move that unlocked capital.



Asset sweating, maximizing operational efficiencies, innovative management of finances and a tight rein on costs wherever possible, continue to be the hallmark of your Company. To amplify its bottom-line, your Company has been increasingly moving towards value-added products that provide innovative customer offerings.

I would now like to brief you on our business sectors and the growth trajectories that we have blue-printed.

#### Viscose Staple Fibre (VSF)

*“Asset sweating, maximizing operational efficiencies and a tight rein on costs wherever possible, continue to be the hallmark of your Company. To amplify the bottom-line, your Company has been increasingly moving towards value-added products that provide innovative customer offerings.”*

Your Company continues to be a pre-eminent global player in the VSF sector, with a global market share in excess of 14 percent.

To penetrate into newer market segments, and to grow further, the Division has ventured into production of High Performance viscose fibres aptly named Viscose Plus, High Wet Modulus Fibres (Modal) and new generation Solvent Spun Fibres. The market has welcomed these novel introductions. Hitherto all of the Division's offerings have been marketed under the “Birla Viscose” umbrella. To contemporarise the look of the brand and the image it evokes as “a natural fibre”, we have evolved a distinctive logo and are in the process of weaving all VSF products under the “Birla Cellulosic” mother brand.

#### Cement

In Cement, the Division's thrust is on amplifying its markets through enhanced volumes resulting from de-bottlenecking. An enriched product-mix with a greater share of blended cements, a focus on RMC (Ready Mix Concrete), which we view as the business of the future, and exemplary client service, I believe, will provide greater momentum to the business.

## Sponge Iron

The fortunes of the Sponge Iron business are inextricably linked with those of the steel sector. During the year, the steel sector was on an upswing, and continues to be on a high. Hence, the outlook for your Company's Sponge Iron business remains bright.

## Outlook

I believe that VSF and Cement will continue to spur growth.

I expect enhanced performance from the Sponge Iron and Chemical businesses as well.

Given your Company's strong fundamentals and its business focus, I am sure, your Company is poised for a significant growth ahead.

*"I believe that VSF and Cement will continue to spur growth.*

*I expect enhanced performance from the Sponge Iron and Chemical businesses as well."*

Behind your Company's considerable achievements, lies the intellectual and emotional commitment that our people bring to their work. Besides operational efficiency and project management skills, honed under the most demanding and competitive conditions, it is the spirit of entrepreneurship and the way all of our employees bond cohesively with the organization. I wish to record my genuine appreciation of their contribution.

## The Aditya Birla Group in Perspective

Let me now take you through some of the key events of the last year:

- One, we completed the restructuring of the non-ferrous metals business. Consequently, Hindalco has become a non-ferrous metals powerhouse with at least global visibility.
- Two, consistent with our objective of becoming a world-class, globally competitive, integrated copper player, we forayed into Australia with the acquisition of two copper mines – the Nifty Mines (2002-03) and Mount Gordon in the last year.

- Three, we entered the land of the dragon, i.e., we ventured into China, with the acquisition of Liaoning Carbon Black. This 12,000 tonne Carbon Black plant will enhance our global presence in this business. We are now the fourth largest Carbon Black player globally.
- And finally, coming to market capitalization: The market capitalization of the listed Group companies in India increased 97.4% over the past year, far outpacing the rise of 62.7% in the BSE Sensex, over the same period. This measure reflects more than just numbers; it provides a sense of our standing in terms of governance, and the faith investors repose in us, and a recognition – at long last - of our efforts at value creation.

*“All these years, our team across the Group, has stretched incessantly to make the Aditya Birla Group a great place to work in. In one sentence, we have sharply focused on creating a meritocracy. For us, this meant putting in place systems to induct the right talent, for spotting and tracking nascent talent, for creating leaders with a cocktail of skills, who have exposure to different functions, businesses and countries.”*

The year that has just gone by has been I believe, a watershed year for our Group. Because, in this year, we have seen the last of the major restructuring initiatives that we needed to undertake. We have emerged stronger, fitter and a leader in many ways. And, now, we are at an inflection point. We stand at the threshold of a new phase in the life of our organisation. I do believe that the rest of the decade – from here on - will be marked by a distinctly different theme. The earlier accent - on restructuring and consolidation – will give way to a phase of growth, not just incremental and normal growth, but accelerated growth. So, the dominant theme, from here on, will be aggressive growth.

#### **Focus On People**

All these years, our team across the Group, has stretched incessantly to make the Aditya Birla Group a great place to work in. In one sentence, we have sharply focused on creating a meritocracy. For us, this meant putting in place systems to induct the right talent, for spotting and tracking nascent talent, for creating leaders with a cocktail of skills, who have exposure to different functions, businesses and countries.

Working with Hay Consultants, we have carried out an extensive job analysis and evaluation exercise. More than 4500 jobs have been evaluated and competencies mapped. Succession plans are in place too. By and large, our objective is to make sure that the leadership-pipeline is always full of talented individuals who are raring to shoulder responsibilities that our various businesses offer.

To foster a learning culture, at Gyanodaya, the Aditya Birla Institute of Management Learning, which is now looked upon as a benchmark for training, more than 2130 executives were trained in 86 diverse programmes for honing their competencies, both for their current and future roles. A virtual campus has been launched through an e-learning portal. Over 3884 unique users, from top-down and

*“Today, our Group is anchored by an extraordinary force of 72,000 employees. More than 70 percent of these are under the age of 40 and over 12,000 of our people are drawn from 20 foreign nationalities. Even as the focus on managerial capability is becoming much sharper, we are building capabilities not for an Indian manager who works internationally, but for a global manager, who happens to be an Indian.”*

bottom-up have enrolled in these self-learning projects. More than 25,725 man-hours of learning have been logged. Our intent is to provide unrivalled learning opportunities to our people across levels.

Today, our Group is anchored by an extraordinary force of 72,000 employees. More than 70 percent of these are under the age of 40 and over 12,000 of our people are drawn from 20 foreign nationalities. Even as the focus on managerial capability is becoming much sharper, we are building capabilities not for an Indian manager who works internationally, but for a global manager, who happens to be an Indian.

We are positioned in almost all our businesses at the cusp of growth opportunity. Above all, our people have the passion that brings energy into the organisation.

Best regards,

Yours sincerely,



Kumar Mangalam Birla

Date: 28th April, 2004



# FINANCIAL HIGHLIGHTS

Year →	Unit	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99 <sup>#</sup>	1997-98	1996-97	1995-96	1994-95
<b>Production</b>											
Viscose Staple Fibre	Tonnes	221005	224610	176462	218847	188002	164355	174281	155385	162470	143421
Grey Cement	Mn Tonnes	11.85	11.09	9.53	9.10	8.40	5.82	4.71	4.10	3.27	2.55
White Cement	Tonnes	310578	310163	267915	251594	240492	131979	-	-	-	-
Sponge Iron	Tonnes	687272	612879	559567	663998	709094	670231	667350	706510	347513	405224
<b>Turnover</b>											
Viscose Staple Fibre	Tonnes	229110	227900	181520	203854	192452	164130	171148	151838	161993	144820
Grey Cement	Mn Tonnes	11.96	11.16	9.68	9.16	8.42	5.88	4.70	4.14	3.15	2.56
White Cement	Tonnes	314819	305223	266105	251291	240014	133660	-	-	-	-
Sponge Iron	Tonnes	676921	612425	562334	673852	822996	565682	767255	585917	435503	354175
<b>Profit &amp; Loss Account</b>											
Gross Sales	Rs. Crs.	6130	5412	5070	5184	4982	4325	4023	3602	3199	2399
Net Sales	Rs. Crs.	5213	4606	4372	4453	4273	3757	3500	3089	2742	2061
Other Income	Rs. Crs.	200	133	129	108	88	110	124	135	211	113
<b>Operating Profit (PBITD)</b>	<b>Rs. Crs.</b>	<b>1475</b>	<b>1136</b>	<b>909</b>	<b>900</b>	<b>739</b>	<b>674</b>	<b>698</b>	<b>706</b>	<b>773</b>	<b>558</b>
Interest	Rs. Crs.	154	168	190	239	256	292	256	259	230	142
Gross Profit (PBDT)	Rs. Crs.	1321	967	719	661	482	381	443	447	543	416
Depreciation	Rs. Crs.	273	254	252	252	237	210	167	148	124	75
<b>Profit before Tax &amp; Exceptional Items</b>	<b>Rs. Crs.</b>	<b>1048</b>	<b>713</b>	<b>467</b>	<b>409</b>	<b>245</b>	<b>172</b>	<b>276</b>	<b>300</b>	<b>420</b>	<b>341</b>
Current Tax	Rs. Crs.	291	192	57	50	12	8	45	41	88	32
Deferred Tax	Rs. Crs.	7	-15	52	0	0	0	0	0	0	0
Net Profit after Tax (before Exceptional Items)	Rs. Crs.	750	536	359	359	233	164	231	259	332	309
Exceptional Items	Rs. Crs.	29	-169	-56	18	0	0	0	16	0	0
Net Profit after Exceptional Items & Total Taxes	Rs. Crs.	779	368	303	378	233	164	231	275	332	309
Equity Shares Dividend (including CTD)	Rs. Crs.	145	103	83	81	72	63	54	52	45	41
<b>Balance Sheet</b>											
Net Fixed Assets*	Rs. Crs.	3213	3264	3263	3303	3401	3354	2633	2473	2222	1866
Investments	Rs. Crs.	2541	1796	1416	682	683	680	717	507	619	899
Net Current Assets	Rs. Crs.	550	613	733	991	967	1002	1092	1250	1012	634
		6303	5673	5412	4976	5052	5037	4442	4230	3853	3400
Share Capital	Rs. Crs.	92	92	92	92	92	92	72	72	72	72
Reserves & Surplus*	Rs. Crs.	3514	2879	2615	2395	2685	2524	2243	2068	1845	1558
Deferred Tax Balance	Rs. Crs.	633	626	641	589	-	-	-	-	-	-
Loan Fund	Rs. Crs.	2065	2076	2065	1900	2275	2421	2127	2090	1936	1769
Net Worth*	Rs. Crs.	3606	2971	2707	2486	2777	2616	2316	2140	1917	1630
		6303	5673	5412	4976	5052	5037	4442	4230	3853	3400
*Excluding Revaluation Reserve	Rs. Crs.	5	6	7	18	20	22	25	28	31	34
<b>Ratios &amp; Statistics</b>											
PBITD Margin	(%)	28.3	24.7	20.8	20.2	17.3	17.9	20.0	22.9	28.2	27.1
Interest Cover (PBITD-Tax/Interest)	(x)	7.70	5.60	4.48	3.56	2.84	2.28	2.56	2.57	2.98	3.70
ROACE (PBIT/Avg.CE) @	(%)	20.4	16.2	12.9	13.5	10.5	10.1	13.1	15.0	19.2	18.7
RONW (PAT/NW) @	(%)	22.8	18.9	13.8	13.7	8.6	6.6	10.4	12.8	18.7	23.0
Debt Equity Ratio	(x)	0.57	0.70	0.76	0.76	0.82	0.93	0.92	0.98	1.01	1.09
Dividend per Share	Rs./ Sh.	14.00	10.00	9.00	8.00	7.00	6.75	6.75	6.50	6.25	5.75
Earning per Share @	Rs./ Sh.	82	58	39	39	25	20	32	36	46	43
Cash Earning per Share @	Rs./ Sh.	112	85	72	67	51	41	55	56	63	53
Book Value per Share	Rs./ Sh.	393	324	295	271	303	285	320	296	265	225
No. of Equity Shareholders	No.	191770	242359	263549	279207	298232	199083	206851	213619	219859	229892
No. of Employees	No.	15971	16648	16912	21473	23345	24407	23157	23397	22144	21582

<sup>#</sup> In FY 1998-99 Company had acquired the Cement business of Indian Rayon and Industries Ltd. pursuant to a Scheme of Arrangement.

@ Before Exceptional Items

Prior to FY01, Reserves & Surplus includes Deferred Tax balance.

## MANAGEMENT DISCUSSION & ANALYSIS

### OVERVIEW

It was yet another remarkable year for your Company, both strategically and operationally. The Company's results have been exemplary backed by business performance and augmented by restructuring of debts and businesses over the last 5 years. A better economic environment provided an added stimulus. The economy grew by an estimated 8% in Fiscal 2004 (FY04), against a 4% growth last year, leading to the revival of consumer sentiments and demand in sectors in which we operate.

Aggregate revenues grew by 13% year-on-year (YoY) while operating profits soared by 30% in FY04. Consequently, Profit After Tax (before exceptional items) moved up 40% while overall PAT rose by an impressive 112% YoY to Rs.779.3 Crores – the highest ever achieved.

### Grasim's acquisition of management control in Ultra Tech CemCo Limited

Your Company has made significant progress towards the acquisition of management control in Ultra Tech CemCo Limited (Ultra Tech), the de-merged cement business of Larsen & Toubro Limited (L&T).

A proposal was developed for the acquisition of management control in its de-merged cement business. The proposal entailed that the cement business of L&T be first de-merged into a separate Company, wherein L&T will hold 20% stake and the balance to be distributed to shareholders of L&T proportionately. Through the process, Grasim and its wholly owned subsidiary Company will hold 12.6% stake in Ultra Tech while retaining a 15.7% stake in the remaining business of L&T. As a part of the composite Scheme, Grasim agreed to make an open offer for an additional 30% stake in UltraTech at Rs.342.60 per share. Grasim also agreed to buy an additional 8.5% stake in Ultra Tech from L&T at the same price of Rs.342.60 per share while simultaneously divesting 14.95% stake in L&T to the L&T Employees Welfare Foundation at Rs.240 per share.

The proposal was approved by the Board of Directors of both companies and consequently a Scheme of Arrangement was filed by L&T u/s 391-394 of the Companies Act, 1956 in the Hon'ble High Court of Bombay. The Scheme was approved by the creditors and shareholders of L&T at the Extra-ordinary General Meeting convened by the Court on 3rd February 2004. Thereafter, the Hon'ble High Court of Bombay has approved the Scheme on 22nd April 2004.

Upon the Scheme becoming effective, your Company is making the Open Offer for an additional 30% stake in Ultra Tech. As per the Scheme, Grasim has deposited Rs.128.0 Crores in an Escrow Account, towards 10% of the gross Open Offer consideration in December 2003 and the balance Open Offer consideration of Rs.1,151.0 Crores in April 2004. With this, your Company has deposited the entire Open Offer consideration into an Escrow Account and the same has been funded out of internal accruals.

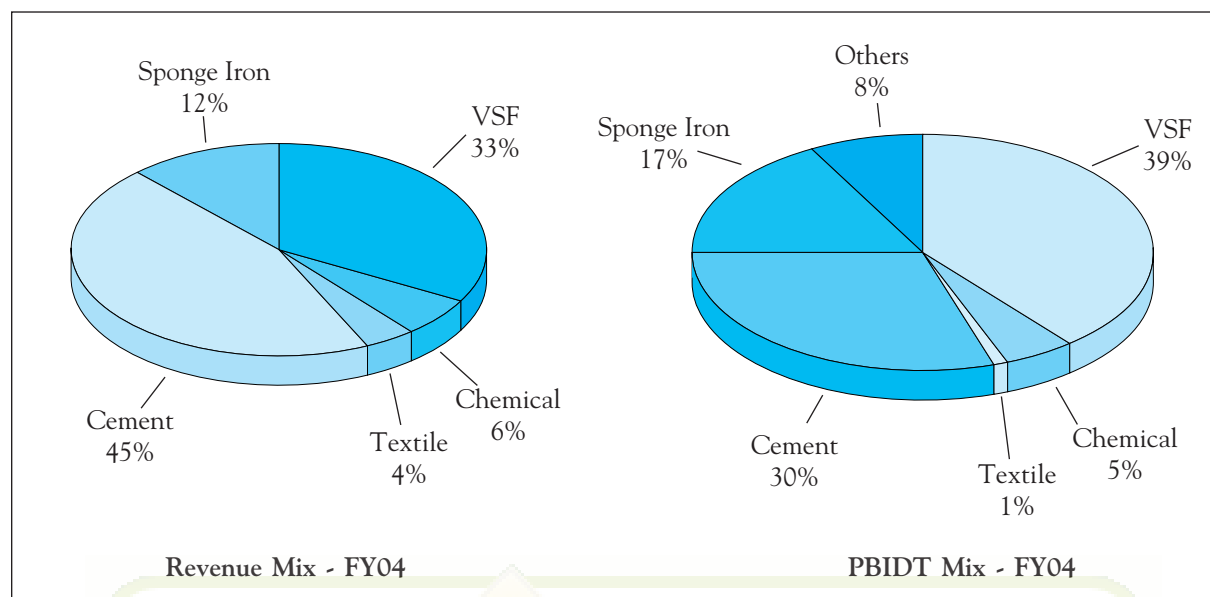
On successful completion of the Open Offer, your Company will acquire controlling stake in Ultra Tech that houses 16.5 Mn TPA cement capacity spread across the country. Apart from the long-term strategic value, the acquisition will also bring significant synergy gains, to be realised in the coming years. On completion of the transaction, Grasim-Ultra Tech combine will be the 8<sup>th</sup> largest cement company in the world in terms of capacity.

### Value unlocked from shareholding in Indo Gulf

In yet another value creating move, your Company divested its total holding of 5,528,289 shares of Indo Gulf Fertilisers Limited, being 12.3% of its equity capital, for an aggregate value of Rs.41.4 Crores through open market transaction. While unlocking capital, your Company realised profits of Rs.28.9 Crores, which has been shown as below the line item in FY04.

## BUSINESS PERFORMANCE REVIEW

The Sponge Iron business emerged as the star performer while the VSF and Chemical businesses continued their track record, despite the water shortages at Nagda and Harihar. The Cement business also improved its performance.



## VISCOSE STAPLE FIBRE (VSF)

	FY04	FY03	% Change
Installed Capacity (TPA)	@251,850	220,775	14
Production (Tonnes)	221,005	224,610	(2)
Sales Volume (Tonnes)	229,110	227,900	1
Net Divisional Turnover (Rs. Crores)	1,764.8	1,640.0	8
VSF Realisation (Rs./Tonne)	72,269	67,921	6
Operating Margins (%) *	33	36	—

\* On Net Turnover, excluding pulp, which is used for captive consumption

@ Capacity at the year end

### Performance Review

It was yet another strong year for the Viscose Staple Fibre (VSF) business despite the prolonged water shortage at Nagda and Harihar.

#### Operational interruptions due to water shortage

A scanty rainfall in the states of Madhya Pradesh and Karnataka in the preceding year led to water scarcity and necessitated temporary closure of the Pulp and Fibre plants at Nagda (Madhya Pradesh) and Harihar (Karnataka) during the first quarter. Unfortunately, the state of Karnataka received poor rainfall even during the monsoons in 2003. This led to further shortages and closure of the Pulp and Fibre plants at Harihar during the last quarter as well. Consequently, the plants remained closed for 45 days at Nagda and for 75 days at Harihar in FY04.

To ensure a long-term solution to this problem, your Company has increased the height of its reservoir at Nagda. Your Company is also constructing a captive water storage tank at Harihar, which should be operational by June 2005.

### *Volume growth helped by exports / deemed exports, capacity raised*

Despite constraints, your Company has maintained production almost at last year levels, reflecting an effective capacity utilisation of 100%. Through de-bottlenecking across all its plants, capacities have been raised by 31,075 tonnes per annum at the year-end. This will enhance business growth prospects in the near future.

Your Company has achieved its highest ever sales volume of 229,110 Tonnes. Strong direct/deemed export demand coupled with aggressive marketing efforts, as well as, product/application development initiatives have been the growth drivers.

### *Strong cash flows continued*

The average realisation improved 6% from Rs.67.9/kg to Rs.72.3/kg in FY04. Proactive pricing helped tap the benefits of change in competing fibre prices and international VSF prices. However, operating margins could not be maintained due to a sharp rise in the cost of key inputs viz., Pulp (11%), Caustic Soda (22%) and Sulphur (33%). The increase in cost could be passed on to consumers only partially. Factoring this and the impact of plant closures, operating margins were marginally lower at 33% as against 36% in FY03.

### *Sector Outlook*

The outlook for the VSF demand remains positive. While the domestic demand is expected to remain stable, the prospects for direct/deemed exports are good. The impending recovery in the global economic activity including a lower global cotton crop augurs well for direct/deemed exports of VSF and VSF based yarns and apparel. The committed market enlargement efforts of your Company will aid in increased demand for the product.

### *Business Outlook for Grasim*

Your Company is the domestic market leader and a key player in the international market, accounting for 14% of the global market share. In line with its stated objective of developing fibre variants for various segments of the market, your Company has successfully developed in house technologies for production of High performance Viscose fibres (Viscose Plus), High Wet Modulus Fibres (Modal) and the new generation Solvent-spun fibres. Commercial production of Viscose plus and Modal fibres has begun and have met with encouraging customer response. Its success will not only add to volumes but also to profitability. Simultaneous focus will be on ensuring a favourable change in blend ratios and promotion of deemed/ direct exports, which would strengthen volumes in the immediate future. Towards this end, your Company will strive to position VSF at the premium end of the fibre market as “Fibre for Feel, Fashion and Comfort”. The strengthening of the brand equity of “Birla Viscose” by leveraging its superior quality, wide range, excellent support services and logistic strengths will facilitate the process. As always your Company’s emphasis on efficiency and productivity improvements as well as tight control over costs continue.

### **CHEMICALS**

	FY04	FY03	% Change
Installed Caustic Capacity (TPA)	190,800	190,800	—
Production – Caustic (Tonnes)	157,541	151,445	4
Sales Volumes – Caustic (Tonnes)	156,967	150,825	4
Net Divisional Turnover (Rs. Crores)	294.6	256.2	15
Average ECU Realisation (Rs./Tonne)	16,338	14,402	13
Operating Margins (%)	25	21	—

## Performance Review

The Chemical business has reported encouraging performance. Notwithstanding water shortages that affected plant operations during the first quarter, production volumes have grown 4% to 157,541 Tonnes in FY04. Improved captive requirements at the VSF division and higher demand from paper and pharma producers has helped up the sales volumes, by 4% YoY at 156,967 Tonnes.

In line with the steep rise in Caustic Soda prices in international markets and better market conditions, which has bolstered the performance of key user segments, the average realisation rose by over 31% in FY04. So, in spite of weak Chlorine and HCL prices, the average ECU realizations have increased by 13% from Rs.14,402/ Tonne to Rs.16,338/ Tonne in FY04.

Aggregate business revenues have grown by 15% to Rs.294.6 Crores. Buoyed by higher realization, strengthened volumes, better economies of scale and stringent cost control, operating margins have scaled up from 21% to 25%.

## Sector Outlook

The outlook for the Chemical business remains positive. Domestic demand is expected to grow by 4-5% fuelled by strong growth in the key user sectors viz., Fibre, Aluminium, Paper as well as Soaps and Detergents. Caustic soda price is likely to come under pressure due to the increase in the sector's capacity. Its impact should be largely offset by the improving outlook for Chlorine and HCL.

## Business Outlook for Grasim

Your Company will continue to focus on asset sweating. Towards improving margins, it will capitalise on its strong market presence in the caustic/chlorine segments. This, together with benefits of concerted efforts to strengthen volumes of ancillary products like Stable Bleaching Powder (SBP) and Poly Aluminium Chloride (PAC) as well as cost optimisation will enable sustaining profitability.

## CEMENT

	FY04	FY03	% Change
<b>GREY CEMENT</b>			
Installed Capacity (Mn. TPA)	#13.12	12.92	2
Production (Mn. Tonnes)	11.85	11.09	7
Sales Volumes (Mn. Tonnes)	11.96	11.16	7
Net Turnover (Rs. Crores)	2,226.0	2,003.5	11
Average Realisation (Rs./ MT)	1,712	1,690	1
<b>WHITE CEMENT</b>			
Installed Capacity (TPA)	400,000	400,000	-
Production (Tonnes)	310,578	310,163	-
Sales Volumes (Tonnes)	314,819	305,223	3
Net Turnover (Rs. Crores)	189.3	180.3	5
Average Realisation (Rs./MT)	5,215	5,507	(5)
NET DIVISIONAL TURNOVER (Rs. Crores)	2,415.3	2,183.8	11
DIVISIONAL OPERATING MARGINS (%)	19	17	-

# Capacity increased at the year end by 0.20 Mn. MT

## Performance Review

It has been an encouraging year for the Cement business, as it posted higher volumes and returns. Productivity, cost control and market realignment efforts helped considerably.

While the industry grew by 5%, your Company's Cement business grew by 7%. Helped by the success of market realignment efforts, your Company has achieved higher volume growth in the South, where sales moved up 11%, while clocking an equally impressive volume growth of 8-9% in the North and East. Sales volumes in the extremely competitive markets of the West could only be maintained during the year.

Production volumes rose by 7% to 11.85 Mn. Tonnes in FY04 led by increased thru' put with rising share of blended cements from 35% to 46% and enhanced capacities driven by de-bottlenecking efforts. Average net realisation was marginally better at Rs.1,712/Tonne against Rs.1,690/Tonne last year.

With higher volumes and realisation, enriched product and market mix and tight control over costs, operating margins improved from 17% to 19% in FY04. Your Company was able to lower production costs by improving efficiencies, and benefited on account of its captive Thermal Power Plants. Your Company commissioned a 12.5 MW Thermal Power Plant at Grasim – South, Tamil Nadu. Concerted efforts to bring down logistics cost despite increased diesel prices, the negative impact of the transporters' strike and overload restrictions contributed further towards profitability.

Given that the Ready Mix Concrete (RMC) business offers good growth potential, your Company has made successful inroads in to new markets of Pune in Maharashtra through franchise arrangements. Your company currently has strong RMC operations in 6 major cities. The RMC sales volumes shot up by 49% from 6 lac cubic meters to 9 lac cubic meters, pushing product revenues by 46% to Rs.169.6 Crores in FY04.

The White Cement business has performed satisfactorily. Sales at 314,819 tonnes reflect a 3% growth. Notwithstanding lower realisation, product revenues grew by 5% to Rs.189.3 Crores helped by surge in volume of value added products and niche applications.

Consequently, Average Return on Capital Employed (RoCE) of Cement Business improved from 11% to 15% in FY04.

## Sector Outlook

The Cement sector in India has significant potential for growth, given the low per capita consumption of only 102 kgs. against the global average of 260 kgs. at present. The rise in per capita consumption would be driven by the strong growth in the housing sector and the thrust on infrastructure development by the Government as well as private players.

The outlook for the housing sector remains positive, given stable real estate prices, improved availability of cheaper finance and continuing fiscal incentives. Increasing thrust on infrastructure development too augurs well for the sector.

Domestic consumption is expected to grow beyond 200 Mn. Tonnes by 2010, even assuming an annual growth of 8% in future. Over the next 24 months, supply growth is likely to be limited to revival of dormant capacities, increase in thru' put through blending and de-bottlenecking. The industry is thus expected to witness demand-supply balance in the North and East in the Calendar year 2005 and in the South and West in FY07.

In the interim, we see a gradual improvement in pricing and profitability, subject however to the seasonal movements in the sector.

### Business Outlook for Grasim

Your Company is confident of the long term potential of this sector. Towards the creation of sustainable value, on acquiring management control of Ultra Tech a four pronged strategy shall be put in place. This entails,

- First, the smooth transition of the L&T Cement brand while preserving its premium position and market share;
- Second, the realisation of synergy gains with Ultra Tech, particularly in Logistics and Procurement;
- Third, Grasim to continue to improve its market mix for better realisation;
- Finally, your Company will continue its focus on containing costs, especially in Distribution and Energy.

### SPONGE IRON

	FY04	FY03	% Change
Installed Capacity (TPA)	900,000	900,000	-
Production (Tonnes)	687,272	612,879	12
Sales Volumes (Tonnes)	676,921	612,425	11
Net Divisional Turnover (Rs. Crores)	638.9	406.1	57
Average Realisation (Rs./Tonne)	9,188	6,379	44
Operating Margins (%)	40	26	-

### Performance Review

The Sponge Iron business was the star performer. A buoyant steel sector, rising steel and scrap prices and improved availability of Natural Gas in Q4FY04 drove its performance. Additionally, endeavours to enhance utilisation and enrich the product mix contributed significantly.

The aggregate production grew by 12% YoY to 687,272 Tonnes. The use of alternate feedstock like Naphtha and Propane during the year as well as improvement in gas availability during the 4<sup>th</sup> quarter aided attaining higher capacity utilisation of 76% vis-à-vis 68% last year. Consequently, sales increased by 11% to 676,921 Tonnes. The business also gained from superior realisation during the year. The average realisation improved by 44%, from Rs.6,379 per tonne to Rs.9,188 per tonne in FY04.

Improved asset utilization, superior volumes and enhanced realizations together contributed to a improvement in operating margins to 40% from 26% in FY03. Importantly, better margins have been achieved despite higher pellet prices, changed raw material mix and increased use of high cost feedstocks like Naptha and Propane.

### Sector Outlook

The immediate term outlook for the Sponge Iron sector appears very positive. Its long term prospects are linked to the outlook for the Steel sector.

The domestic steel industry is poised for strong growth as the economic and industrial outlook is on an upswing and the thrust on infrastructure development continues.

### Business Outlook for Grasim

For your Company's Sponge Iron business, the sustainability of current profitability is the key challenge, which in turn is dependent on global scrap prices and improved availability of Natural Gas at reasonable price. Your Company has been facing problems of insufficient supplies of Natural Gas. Its availability may improve with the commissioning of operations by LNG producers, likely by April 2005. However, the cost of gas remains a concern.



## TEXTILES

	FY04	FY03	% Change
<b>FABRIC</b>			
Production (Lac Meters)	139	115	20
Sales Volumes (Lac Meters)	149	127	17
Net Turnover (Rs. Crores)	150.0	126.8	18
Average Realisation (Rs./Meter)	101	101	—
<b>YARN</b>			
Production (Tonnes)	7,208	8,322	(13)
Sales Volumes (Tonnes)	6,720	7,760	(13)
Net Turnover (Rs. Crores)	78.0	91.8	(15)
Average Realisation (Rs./Kg.)	116	119	(3)
<b>NET DIVISIONAL TURNOVER (Rs. Crores)</b>	<b>228.0</b>	<b>218.6</b>	<b>4</b>
<b>OPERATING MARGINS (%)</b>	<b>6</b>	<b>(4)</b>	<b>-</b>

### Performance Review

The textile business has turned around during the year. It has gained, both in terms of volumes and profitability. Benefiting from its product development and innovation, your Company has been able to improve sales volumes by 17% from 127 lac meters to 149 lac meters in FY04. Importantly, Grasim's brand share in the premium category moved up from 10% to 20% on the back of excellent performance of the several new brands launched in the last two years. The modest revival in the textile sector also helped.

With this positive change and a favourable product mix, the average realizations could be maintained at Rs.101 per meter. The divisional revenues have risen from Rs.218.6 Crores to Rs.228.0 Crores in FY04. The Division's operating margin improved to 6% from a negative margin of 4% in FY03.

### Sector outlook

The textile industry is showing signs of turnaround. The premium end of the suiting fabrics market is witnessing an impressive growth of over 40% in recent years. This is likely to stabilise at around 15-20% in the medium term, according to experts.

A quota free regime under WTO will throw fresh opportunities, but will also bring with it several challenges including cheaper imports from China and other parts of Asia. Apart from this, the continuing price competition from smaller producers and a strategic shift in consumer focus from tailor-made to ready-to-wear products remain other key concerns in the sector. In such an environment, profitability of manufacturers will be governed by their ability to grow volumes and cut costs.

### Business outlook for Grasim

Grasim's emphasis will be on the premium end with a stress on product development and product differentiation as a tool to increase market share. The benefits of consolidated textile operations at Bhiwani will be leveraged optimally to ensure profitable growth.



## FINANCIAL REVIEW AND ANALYSIS

### Highlights

(In Rs. Crores)

	FY04	FY03	% Change
Gross Turnover	6,130.0	5,412.3	13
Net Turnover	5,213.2	4,606.2	13
Other Income	200.4	133.0	51
Total Expenditure	3,938.3	3,603.4	9
Operating Profit (PBIDT)	1,475.3	1,135.8	30
Interest	153.9	168.4	(9)
Gross Profit (PBDT)	1,321.4	967.3	37
Depreciation	273.1	254.1	7
Profit Before Exceptional Items and Tax	1,048.4	713.2	47
Exceptional Items (EI)			
- Tax Provision of earlier years written back	-	40.0	
- Profit / (Loss) on Sale of Trade Investments	28.9	(208.6)	
Profit Before Tax	1,077.3	544.6	98
Total Tax Expenses	298.0	177.0	68
Net Profit after Total Tax and EI	779.3	367.6	112

### NET TURNOVER

Net turnover has increased by 13% from Rs.4,606.2 Crores in FY03 to 5,213.2 Crores in FY04, due to factors explained under Segmental Review and Analysis.

### OTHER INCOME

Other income rose by 51% from Rs.133.0 Crores to Rs.200.4 Crores, attributable to dividend of Rs.48 Crores received from surplus funds invested in mutual funds and higher interest income.

### OPERATING PROFIT (PBIDT)

The PBIDT is up by 30% to Rs.1,475.3 Crores as elaborated upon under Segmental Review and Analysis.

### INTEREST

Interest and finance charges at Rs.153.9 Crores in FY04 were lower by 9% from Rs.168.4 Crores in FY03. Effective working capital management, continuing benefit of repayments of high cost debts and declining interest rates enabled reduce the finance charges.

### DEPRECIATION

Depreciation charges have risen by 7% from Rs.254.1 Crores in FY03 to Rs.273.1 Crores in FY04, which is due to the net addition of Rs.219 Crores to the Gross Block.

### EXCEPTIONAL ITEMS

The Company sold 55 lac shares of Indo Gulf Fertilisers Limited (IGFL), being its total holding in IGFL. A gain of Rs.28.9 Crores on this score has been shown as an exceptional item.

## INCOME TAX

The provision for current tax has increased by 52% from Rs.192.0 Crores in FY03 to Rs.291.0 Crores in FY04. There is a deferred tax debit of Rs.7.0 Crores in FY04 as against deferred tax credit of Rs.15 Crores in FY03. Total tax expenses are higher by 68% at Rs.298 Crores (Previous year: Rs.177 Crores). The increase is attributable to higher earnings in FY04.

## NET PROFIT

The Net profit after total taxes but before exceptional items is higher by 40%, from Rs.536.2 Crores in FY03 to Rs.750.4 Crores in FY04. Consequently, the Earning Per Share (EPS) rose from Rs.58.5 in FY03 to Rs.81.8 in FY04. Net Profit after total taxes and exceptional items is up by 112% from Rs.367.6 Crores in FY03 to Rs.779.3 Crores in FY04.

## Cash Flow Analysis

(In Rs. Crores)

	FY04
<b>Sources of Cash</b>	
Cash from Operations	1119.8
Decrease in Working Capital	49.5
Non-operating Cashflows	141.6
Increase in Debts	21.8
	1332.7
<b>Use of Cash</b>	
Net Increase in Investments	712.7
Net Capital Expenditure	225.6
Interest	173.7
Dividends	103.3
Increase in Cash and Cash equivalent	117.4
	1332.7

### Sources of cash

#### Cash from operations

Cash from operations was higher at Rs.1,119.8 Crores in FY04 against Rs.910.3 Crores in FY03.

#### Decrease in working capital

Grasim has reduced its working capital continuously in the last three years. The reduction in FY04 was Rs.49.5 Crores, mainly attributable to lower inventory in VSF business.

#### Non-Operating Cash Flow

Non-Operating Cash Flow includes income from investment activities. Higher dividend income from Mutual Funds and other Investments and higher interest income have contributed to higher non operating cash flow.

#### Increase in Debts

Net long-term debts decreased by Rs.91.3 Crores. High cost debentures amounting to Rs.407.8 Crores were repaid, including Rs.99.5 Crores of debentures that were bought and extinguished. Your Company has raised an ECB loan of Rs.233.2 Crores (USD 50 million). These funds were used for capital expenditure and long-term working capital requirements. Short-term debts increased by Rs.113.1 Crores. The net increase was Rs.21.8 Crores over the previous year.

### Uses of Cash

#### Net Increase in Investments

A majority of investments during the year were made in Liquid and Debt Schemes of Mutual Funds. Your Company realized Rs.41.4 Crores by selling its entire holding in Indo Gulf Fertilisers Limited.

### *Net Capital Expenditure*

The major part of capex was spent on normal modernisation/replacement, capacity enhancement in VSF and on 12.5 MW Thermal Power Plant in Cement.

### *Dividend*

The Company has paid Rs.103.4 Crores as dividend to its shareholders including corporate tax on dividend of Rs.11.8 Crores. For the current year, the Board has recommended a dividend of Rs.14 per share, entailing an outflow of Rs.144.8 Crores, including corporate tax on dividend of Rs.16.4 Crores. This accounts for 19.30 % of net profit after total taxes before exceptional items for the year.

## **RISK MANAGEMENT**

The Company is exposed to risks from market fluctuations of foreign exchange and interest rate.

### *Foreign Exchange Risk*

Your Company's policy is to hedge its long-term foreign exchange risk as well as short-term exposures within defined parameters. Currently, your Company's long-term foreign exchange liability of Rs.252.6 Crores, is fully hedged. The short-term exposures are covered from time to time. The Company's aggregate exports stood at Rs.154.0 Crores and imports at Rs.380.3 Crores in FY04. As imports exceed exports, your Company has suitably hedged the differential exposure.

### *Interest Rate Risk*

Your Company is open to interest rate fluctuations on its Rupee denominated borrowings. It uses a judicious mix of fixed and variable rate debts within the stipulated parameters. It does not perceive interest rate fluctuations as a significant risk having any material impact on its profitability.

## **INTERNAL CONTROL SYSTEM**

The Company has appropriate internal control systems for business process across various Profit Centres, with regard to efficiency of operations, financial reporting, compliance with applicable laws and regulations, etc. The internal control system is supplemented by extensive internal audits.

Clearly defined roles and responsibilities down the line for all managerial positions have been institutionalised. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them. The Company has strong Management Information System, which is an integral part of control mechanism.

## **CONCLUSION**

Grasim has posted an excellent performance during this financial year. Its inherent strength, strong fundamentals, overall improvement in cost efficiencies, effective financial management, restructuring of business, aided by an expected improvement in cement sector bodes well for the Company and its defined vision for delivering superior value for all stake holders.

## **CAUTIONARY STATEMENT**

Statement in this "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts businesses and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

## REPORT ON CORPORATE GOVERNANCE

**Corporate Governance**, in our view, relates to systems and processes that direct corporate resources and management strategies towards maximising value for stakeholders while ensuring accountability, probity and openness in the conduct of business within the acceptable legal and ethical framework. A good governance process should thus provide sufficient transparency over corporate policies, strategies and the decision making process while strengthening internal control systems and building relationship with stakeholders, including employees and shareholders. The adherence to good governance practices in true spirit, not just in letter, will help align interests of stakeholders, enhance investor confidence and provide access to cheaper capital, in turn facilitating the creation of superior value on a sustainable basis.

**The Aditya Birla Group** is committed to the adoption of best governance practices and their adherence in true spirit across companies at all times. Our governance practices are a product of self desire to change and its improvement is a continuous process, with no upper bound. Our governance philosophy rests on five basic tenets viz., Protection of rights and interests of shareholders, equality in treatment of all our shareholders, Disclosure of timely and accurate information, Strategic guidance and effective monitoring by the Board and the Board accountability to Company and its shareholders. Above all, our governance practices reflect the true spirit of the trusteeship that is deeply ingrained in the value system and reflected in the strategic thought process, at all times.

It is in this context, **Grasim Industries Limited**, a flagship of the Aditya Birla Group, has been striving for excellence through adoption of best governance and disclosure practices over the last few years. The Company has been making significant disclosures on the Board composition and functioning, management thoughts on business performance and outlook as well as the significant risks and protective measures taken by the Company. During the year under review, the Company has further strengthened the quality of disclosures in this Annual Report while continuing its practice of benchmarking practices with the recommendations of the SEBI Committee on Corporate Governance, highlighted in this report.

### Compliance with the SEBI Code on Corporate Governance

1. The Board should have an optimum combination of Executive and Non-executive Directors and at least 50% of the Board should comprise of Non-executive Directors. Further, at least one-third of the Board should comprise of independent Directors where Chairman is non-executive and at least half of the Board should be independent in case of an executive Chairman.

*Your Company's Board comprises of 10 directors, including 6 Independent Directors and 3 Non Executive Directors with considerable experience in their respective fields. 60% of the Board comprises of Independent Directors and the Chairman of the Board is a Non-Executive Director.*

Name of Director	Executive / Non-Executive / Independent	No. of Outside Directorships Held		No. of Outside Committee Positions Held	
		Public	Private	Member	Chairman
Mr. Kumar Mangalam Birla	Non-Executive	11	5	1	—
Mrs. Rajashree Birla	Non-Executive	5	6	—	—
Mr. M L Apte	Independent	8	3	4	—
Mr. M C Bagrodia <sup>2</sup>	Non-Executive	7	—	3	1
Mr. B V Bhargava	Independent	9	—	4	4
Mr. R C Bhargava	Independent	8	1	2	4
Mr. Y P Gupta <sup>3</sup>	Independent	4	—	6	1
Mr. Cyril Shroff	Independent	6	—	3	—
Mr. S G Subrahmanyam	Independent	2	—	1	—
Mr. Shailendra K Jain	Whole-time Director	3	—	—	—

- 1 Independent director, as defined in Clause 49 of the Listing Agreement, is one, who apart from receiving Director's remuneration, does not have any other material pecuniary relationship or transactions with the Company, its promoters, management or its subsidiaries, which in judgement of the Board may affect independence of judgement of the Director.
- 2 Employee of another company of the Aditya Birla Group.
- 3 Mr. Y P Gupta resigned from the Board as a Nominee of LIC w.e.f. 14th June, 2003. He was appointed as an Additional Director on the Board w.e.f. 23rd October, 2003.

2. The Board should set up a committee under the chairmanship of a Non-executive/Independent Director to specifically look into shareholder issues including share transfer and redressing of shareholder complaints.

Your Company has a "Shareholders Grievance / Allotment & Transfer Committee" at the Board level to inter alia look into issues relating to Share/Debentureholders, including transfer and transmission of Shares/Debentures, issue of duplicate Share/Debenture certificates, non-receipt of dividend, Annual Report, etc. The Committee meets to ratify share transfers and approve transmission of shares and issue duplicate Share/Debenture certificates from time to time. Besides, officers of the Company have also been authorised to approve transfer/transmission of shares as mentioned in para 3 of this section.

The composition of the Committee is as under:

- Mr. Cyril Shroff, Chairman
- Mr. S G Subrahmanyam, Member
- Mr. Y P Gupta, Member

Mr. Ashok Malu, Company Secretary, acts as Secretary to the Committee.

3. To expedite the process of share transfers, the Board should delegate the power of share transfer to an officer or a committee or to the registrar and share transfer agents. The delegated authority should attend to share transfer formalities at least once in a fortnight.

The shares of the Company are traded on the stock exchanges only in the dematerialised form and are automatically transferred on delivery in the dematerialised form. As on 31<sup>st</sup> March 2004, 81.30 % of shares are in the dematerialised form.

To expedite the transfer of shares in the physical segment, officers of the Company have been authorised to approve transfers of up to 5000 shares under one transfer deed and one Director jointly with 2 officers have been authorised to approve transfers of more than 5000 shares under one transfer deed.

Details of number of shares transferred during the year, time taken for effecting transfers and number of complaints received are highlighted in the "Shareholder Information" section of the Annual Report.

The Board has designated Mr. Ashok Malu, Company Secretary, as the Compliance Officer.

4. The Corporate Governance Section of the Annual Report should make disclosures on remuneration paid to directors in all forms including salary, benefits, bonuses, stock options, pension and other fixed as well as performance linked incentives paid to the Directors.

Details of the remuneration paid to the Directors are given in Para 5 of this section.

5. The Board meetings should be held at least four times in a year, with a maximum time gap of four months between any two meetings and all information recommended by the SEBI Committee should be placed at the Board.

The Board met 5 times during the past year and agenda papers were circulated well in advance of each meeting of the Board of Directors. The Company placed before the Board, the working of all units and statements containing the status of the various matters pursuant to Corporate Governance practices, as required by Clause 49 of the Stock Exchange Listing Agreement.

The information periodically placed before the Board wherever applicable and materially significant includes :—

- annual operating plans and budgets and any updates
- capital budgets and any updates
- quarterly results of the Company and its operating divisions or business segments
- minutes of meetings of Audit Committee and other Committees of the Board
- information on recruitment and remuneration of senior officers just below the Board level
- show cause, demand, prosecution notices and penalty notices which are materially important
- fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company
- any issue, which involves possible public or product liability claims of a substantial nature
- details of any joint venture or collaboration agreement
- transaction that involves substantial payment towards goodwill, brand equity or intellectual property
- significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.
- sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business
- quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material
- non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in the share transfer, etc.
- details of investment of surplus funds
- working of the subsidiary companies

Date of Board Meeting	City	No. of Directors Present
29 <sup>th</sup> April 2003	Mumbai	9 out of 10
17 <sup>th</sup> June 2003	Mumbai	7 out of 9
28 <sup>th</sup> July 2003	Mumbai	6 out of 9
23 <sup>rd</sup> October 2003	Mumbai	9 out of 10
21 <sup>st</sup> January 2004	Mumbai	10 out of 10

#### Directors' interests in the Company and Attendance Record

Grasim believes that the shareholders must know the details of Directors' interest in the Company, their attendance record and contributions made by them. Your Company is thus making full disclosure on the attendance record as well as remuneration paid to the Directors on the Board.

#### A. Non-Executive Directors:

Name of Director	Relationship with other Directors	Commission (Rs.)	Sitting Fees Paid (Rs.)	No. of Board Meetings		Attended Last AGM ®
				Held	Attended	
Mr. Kumar Mangalam Birla	Son of Mrs. Rajashree Birla	1,02,31,000	20,000	5	4	No
Mrs. Rajashree Birla	Mother of Mr. Kumar Mangalam Birla	4,57,000	25,000	5	5	No
Mr. M L Apte	—	5,66,000	15,000	5	3	No
Mr. M C Bagrodia	—	5,12,000	25,000	5	5	No
Mr. B V Bhargava	—	6,40,000	20,000	5	4	Yes
Mr. R C Bhargava	—	6,58,000	20,000	5	4	Yes
Mr. Y P Gupta <sup>4</sup>	—	3,01,000	15,000	3	3	N.A.
Mr. Cyril Shroff	—	2,74,000	15,000	5	3	No
Mr. S G Subrahmanyam	—	13,61,000	25,000	5	5	Yes

@ Annual General Meeting (AGM) held at the Registered Office at Nagda, Madhya Pradesh on 2nd August, 2003

Notes:

1. No Director is related to any other Directors on the Board, except for Mr. Kumar Mangalam Birla and Mrs. Rajashree Birla, who are Son & Mother respectively.
2. The Company has a policy of not advancing any loans to its Directors.
3. The Company shall pay Rs. 1.50 crores as commission on profits to its Directors for the year 2003-04.
4. Mr. Y P Gupta resigned from the Board as a Nominee of LIC w.e.f. 14th June, 2003. He was appointed as an Additional Director on the Board w.e.f. 23rd October, 2003.

#### B. Whole-Time Director:

Whole-time Director	Relationship with other Directors	Business relationship with the Company	Remuneration paid during 2003-2004			
			All elements of remuneration package, i.e. salary, benefits, bonus, pension, etc. paid during the year	Fixed component & performance linked incentives, along with performance criteria	Service Contracts, notice period, severance fee	Stock option details, if any
Mr. Shailendra K. Jain	—	Whole-time Director	Rs.1,10,98,540/-	Ref. Note (a)	Ref. Note (b)	Ref. Note (c)

- a) Performance Bonus is linked to the achievement of targets to be decided by the Board or Committee thereof. Mr. Shailendra K. Jain was paid a sum of Rs.21,21,133/- for the current financial year and an additional sum of Rs. 2,51,739/- was paid towards Long Term Incentive Compensation pertaining to the previous year.
- b) The appointment is subject to termination by three months' notice in writing on either side. Mr. Jain was re-appointed as Whole Time Director w.e.f. 1st December 2003 and the appointment is valid up to 30th November 2006.
- c) The Company does not have any scheme for grant of stock options to its Directors or Employees.



6. As a part of disclosures related to management, in addition to the Directors' Report, Management Discussion and Analysis should form part of the Annual Report.

*Management Discussion and Analysis Report forms part of this Annual Report and is in accordance with the requirements laid out in Clause 49 V (A) of the Listing Agreement with Stock Exchanges.*

7. All company related information like quarterly results, presentation made by companies to analysts may be put on the Company's web-site or may be sent in such a form so as to enable the stock exchange on which the company is listed to put it on its own web-site.

*All Company related information like quarterly results, presentations made to investors and press releases are made available on the websites of the Company (www.grasim.com) as well as the Aditya Birla Group (www.adityabirla.com).*

*Your Company makes presentation to institutional investors and analysts on a half yearly basis. Copies of the Press Release and the Presentation are also made available on the websites of the Company and the Group.*

8. There should be a separate section on Corporate Governance in the Annual Report, with details on the level of compliance by the Company. Non-compliance of any mandatory recommendation with reasons thereof and the extent to which the non-mandatory recommendations have been adopted should be specifically highlighted.

*A separate section on Corporate Governance forms part of the Annual Report of Grasim. Certificate from the Statutory Auditors confirming compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges in India forms part of this Annual Report.*

9. The Non-Executive Chairman of the Company should be entitled to maintain a office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties. This will enable him to discharge the responsibilities effectively (This is a non-mandatory recommendation).

*The Corporate Office of the Company supports the Chairman in discharging the responsibilities, as the Chairman does not have a separate office in the Company.*

10. A qualified and an independent "Audit Committee" should be set up at the Board level as it would go a long way in enhancing credibility of the financial disclosures and promoting transparency.

*Your Company has an Audit Committee at the Board level with the powers and the role that are in accordance with Clause 49 II (C) and (D) of the Listing Agreement. The Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process. The Audit Committee comprises of three Independent Directors as per details mentioned hereunder :*

- Mr. R C Bhargava, Chairman
- Mr. B V Bhargava, Member
- Mr. M L Apte, Member

*During the year under review, the Audit Committee of the Board met 4 times to deliberate on various matters.*

*Mr. D D Rathi, Group Executive President and Chief Financial Officer is a permanent invitee and the Statutory as well as Internal Auditors of the Company are also invited to the Audit Committee Meetings. Mr Ashok Malu, Company Secretary, acts as the Secretary of the Committee.*

11. The Board should set up a "Remuneration Committee" to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment (This is a non-mandatory recommendation).

*Your Company does not have a Remuneration Committee at the Board level. The Board of Directors determine the remuneration of the Whole-time Director.*



12. No Director should be a member in more than 10 committees or act as chairman of more than five committees across all companies in which he/she is a Director. Furthermore, it should be a mandatory requirement for every Director to inform the company about the committee positions he occupies in other companies and changes on an annual basis.

*None of the Directors of your Company is a member of more than 10 committees or Chairman of more than 5 committees across all companies in which he/she is a Director as set out in Para 1 of the Report.*

13. The Company should provide a brief resume, expertise in specific functional areas and names of companies, in which he/she holds Directorship and the membership of Committees of the Board, while appointing a new Director or re-appointing an existing Director. These should form part of notice to shareholders.

*Relevant details form part of the explanatory statement of the Notice of the Annual General Meeting, annexed to this report.*

14. Disclosures to be made to the Board by the management relating to all material, financial and commercial transactions, where they have personal interest, that may have a potential conflict with the interest of the company at large. These include dealing in company shares, commercial dealings with bodies, which have shareholding of management and their relatives, etc.

*Transactions with the related parties are disclosed in Note No. 18 of Part B of Schedule 22 to the Accounts in the Annual Report.*

15. The half-yearly declaration of financial performance including summary of the significant events in last six-months, should be sent to each household of shareholders (This is a non-mandatory recommendation).

*Your Company follows the practice of sending the "Performance Update" consisting of financial and operational performance to the shareholders after announcement of half yearly results.*

16. The financial institutions should, under normal circumstances, have no direct role in the decision making of the Board of the Company. They should not have nominees on the Board, merely by virtue of their financial exposure in the company. There is however a ground for the term lending financial institutions to have nominees on the Boards of the borrower companies, to protect their interests as creditors. In such cases, the nominee directors should take an active interest in the activities of the Board and assume equal responsibility, as any other director on the Board.

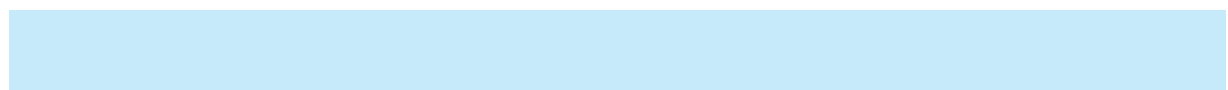
*Not a Company level issue.*

#### OTHER DISCLOSURES RECOMMENDED BY THE SEBI COMMITTEE

##### 1. Details of Annual General Meetings

###### 1.1. Location and time, where last three AGMs held

Year	Type	Location	Date	Time
2000-2001	EOGM	Registered Office, Birlagram, Nagda, MP	27.01.01	11.00 a.m.
2000-2001	AGM	Registered Office, Birlagram, Nagda, MP	30.06.01	11.30 a.m.
2001-2002	AGM	Registered Office, Birlagram, Nagda, MP	03.08.02	11.30 a.m.
2002-2003	AGM	Registered Office, Birlagram, Nagda, MP	02.08.03	11.30 a.m.



1.2. Whether special resolutions were put through postal ballot last year?

No.

1.3. Are votes proposed to be conducted through postal ballot this year?

No.

2. Disclosures on materially significant related party transactions of material nature, with its Promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.

*There is no material transaction with related party, which requires a separate disclosure. Note No. 18 of Part B of Schedule 22 of the Annual Accounts as at 31st March 2004 contains the list of related party relationships and transactions as required by the Accounting Standard 18 on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India.*

3. Details of non-compliance by the Company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

None

4. Means of communication

4.1 Half-yearly report sent to each household of shareholders

Yes

4.2 Quarterly results

4.2.1. Which newspapers normally published in

*Business Standard (All Editions), The Economic Times (Mumbai Edition), Financial Express (Mumbai Edition) and Nai Dunia, Indore (Hindi) and / or Dainik Bhaskar, Indore (Hindi)*

4.2.2. Any website, where displayed

[www.grasim.com](http://www.grasim.com)  
[www.adityabirla.com](http://www.adityabirla.com)

4.3. Whether the Company Website displays

4.3.1. All official news releases

Yes

4.3.2. Presentation made to Institutional Investors/Analysts

Yes

4.4. Whether MD&A is a part of Annual Report

Yes

4.5. Whether Shareholder Information section forms part of the Annual Report

Yes

## SOCIAL REPORT

### BEYOND BUSINESS - REACHING OUT TO COMMUNITIES : MAKING A DIFFERENCE

Wherever one looks, challenges abound. Liberalisation, globalisation, the technological leap and geopolitical issues have had a phenomenal impact on people, regardless of geographies. They have an upside and a downside as well. While these have by and large resulted in bringing prosperity to a segment, many sections of society have felt its unsettling effect too.

There are many nagging questions. On the one hand, we see reportage on the economy's abundance. On the other hand, we are acutely aware of the deep chasm between the urban and the rural societies. Within the urban populace too – the plight of the weaker sections of society, stares us in the eye. India ranks low in any human development or quality of life index.

The Government is trying its best to battle against these major socio-economic paradoxes, and is committed to actualize the goal of human development. However, the Government can in no way single handedly over come the various issues that we face in this regard.

For over 50 years now, we in the Aditya Birla Group, have been working to improve the quality of life of people in under-privileged communities, largely within the periphery of our plants.

Our Social Projects are carried out under the aegis of the “Aditya Birla Centre for Community Initiatives and Rural Development”, which is spearheaded by Mrs. Rajashree Birla, your Director. The Centre is the apex body that sets the strategic direction for the Group's community work and ensures performance management as well.

At Grasim, the focus for our community investments is on healthcare, inclusive of mother and child care; education, self-reliance through the engine of sustainable livelihood, also encompassing agricultural and watershed development activities and women empowerment process, infrastructure support and espousing social causes.

For the year 2003-04, we have made good progress, as indicated :

#### Healthcare :

- Conducted 550 medical camps. 72,449 villagers treated for various ailments.
- 2,684 senior citizens provided with intra ocular lens.
- 155 physically impaired persons provided with artificial limbs fitment, 107 patients operated upon for reconstructive surgery.
- 220 tuberculosis afflicted patients treated at our Group's hospitals and cured.
- Potable water systems set up in villages.
- 126 dry toilets constructed.

#### Mother and child care :

- Immunized 39,262 children against polio and 1,285 children for Hepatitis B.
- Cleft-lip operations performed on 103 children.
- 5,000 couples have taken to planned families.

#### Education :

- The drop-out rate significantly lowered. Over 700 children between the ages of 3 to 6 enlisted in balwadis run by us.
- 677 students in the villages given scholarships.
- 193 students enlisted in the Pragnya Shibis.
- Training and capacity building undertaken for 132 adult literacy trainers.
- Balsanskar Kendras started with over 200 children.

#### Sustainable livelihood :

- Agriculture – Through farm-based programmes, farmer training, nursery raising, setting up of vermi-compost units, seed multiplication and intercropping, over 500 farmers benefited.
- Immunized 68,910 animals in 33 animal husbandry camps.
- As part of dairy development, 18 milk collection centers set up, benefiting 1,200 families.
- Gokul Dairy .....

- Water harvesting structures, such as hand-pumps installation, erecting check-dams, ponds, roof-water harvesting and digging wells support thousands of families.

#### Women Self-Help Groups :

- 150 Self Help Groups formed with a membership of 3,000 women.
- Over 60 Sewing and Embroidery Training Centers benefit 652 women. Other income generation activities, such as agarbati making, mushroom cultivation, blanket weaving, knitting and earthworm cultivation provide 644 women with sustainable livelihood.
- 40 women are engaged in carpet-making.

#### Social Welfare :

- Mass marriages organized, aiding 254 couples.

*"We must continue to give education a priority and while doing so try to reach out to the girl child. I believe that when you educate a girl, you ensure that the entire family is educated. Most of the problems with which we are afflicted as a nation would be resolved if we are able to spread the benefit of education among the villages to a larger extent. Working with the Panchayat and the District Authorities, we must help institutionalize processes to spread literacy in the interiors, even as we set up Balwadis, Anganwadis and Adult Education Centers. So in all our programmes, do keep championing education because only through this route we can actually help change our people."*

**Mrs. Rajashree Birla**

Chairperson

The Aditya Birla Centre for Community

Initiatives and Rural Development

Our programmes are measurable, sustainable and replicable. We work very closely with our partners – the communities, the District authorities, Panchayats and selectively with NGOs. Together we try and make a difference to the weaker sections of society and vulnerable groups. Our Board and all of our employees are fully committed to our Corporate Social Responsibility programmes. We believe that in contributing significantly to the quality of life of an under-served people who are outside of our business, there is much value.

Free Eye Camp, Nagda



Annual Rural Sports Cultural Meet, Malkhed



Women Folk at Knitting work, Harihar



Distribution of Sheep Loan, Harihar

## ENVIRONMENT REPORT

Consistent with our Group's commitment to sustainable development, your Company has a well-drawn out environmental management strategy in place. Environment concerns are textured into all manufacturing processes and business decisions. We subscribe to the United Nations Global Compact.

At all of our Company's Plants at Nagda, Jawad and Raipur in Madhya Pradesh, Bhiwani in Haryana, Kharia Khangar and Shambhupura in Rajasthan, Harihar and Malkhed in Karnataka, Kharach in Gujarat, Raigad, (Salav) and Hotgi in Maharashtra, Bhatinda in Punjab and Reddipalayam in Tamil Nadu, we adopt clean technologies and processes that offer both economic progress and sustainable environment. Our plants, with the exception of Bhiwani Textiles Mills, are ISO 14001 Environment Management Systems Certified (EMS) and adhere to OHSAS 18001 standards. We expect to attain ISO 14001 authentication at Bhiwani Textiles Mills on completion of the final Audit by the EMS team in the immediate future.

We track our performance against detailed environmental metrics, engaging professional environmental Audit consultants. KPMG Peat Marwick, Det Norske Veritas, the State Pollution Control Board's certified auditors and Environmental Systems Auditors conduct an in-depth environmental audit on our plants. Their Audit Reports reconfirm the fact that we are environment sensitive.

Many accolades have been conferred on your Company for its singular contribution to environment conservation. A selective list is given below :

- Our Viscose Staple Fibre (VSF) Unit at Harihar bagged the coveted "TERI Corporate Environmental Award" primarily for cleaner production while keeping waste generation at its lowest, constantly updating and modernizing the manufacturing processes. It was also honoured with the "Golden Peacock Environment Management Award by the Institute of Directors, New Delhi.
- In the Textile Sector, your Company was honoured with "The Greentech Environment Excellence Silver Award" by the Greentech Foundation for outstanding achievement in Environment Management, and "The Greentech Safety Gold Award" for outstanding achievement in the field of safety.
- Your Company's Birla Cellulosic Plant was awarded "The Green Tech Environmental excellence Award" as a recognition of our continuous efforts in the field of sustainable development and environmental preservation.
- Your Company's Vikram Cement Unit has received SA 8000 Certification.

As you may be aware, the Viscose Staple Fibre produced by your Company has been certified by the British Textile Techno Group, Manchester, U.K., as completely free from any harmful substance. It is stamped OEKO-TEX-100 certified, reaffirming that our fibre is next to nature.

We have state-of-the-art automated industrial effluent treatment plants across our plants. At Nagda, for instance, we successfully operate sludge dryers which facilitate incineration in the existing boilers.

The treated effluent, including treated sewage generated by the plants, is recycled for use in gardening and for irrigation. With regard to effluent treatment, some of the recent technology initiatives we have taken comprise of installing :



*Staple Fibre Plant at Nagda*

- Pneumatic Conveyor and Silo Dumping System for Alkcell for quality improvement, loss reduction, and manpower optimization.
- Energy efficient pumps for condensers, multi-stage flash evaporators, acid absorption crystalliser, boiler feed water and energy efficient ID fan for boilers for power saving.
- Energy efficient variable frequency drive, vacuum pump and air dryers to reduce energy consumption and conserved natural resources such as coal.
- Evaporator, limekiln, causticizing and recovery boiler operations automated with DCS.
- Hydraulic tightening systems for Reject Viscose Filter Presses and continuous spinning tanks to reduce cleaning losses.
- A system that uses waste Sumpzone liquor to recover salt.

New ways to ensure energy conservation and productively use wastes generated at the cement plants have been devised in the recent past. Among these are :

- Desilting of the mines water generated from strata seepage and re-cycling it for industrial cooling, spraying in the mines and plant for dust suppression.
- Fine iron particles generated in the slag grinding process are segregated from slag, and sold as scrap.
- Setting up of static grate cooler, which has led to energy saving of about 21 KCAL for every kilo of clinker.
- To prevent dust particles from being emitted in the environment, highly efficient pollution control equipment like, the reverse airbag house, the pulse jetbag house and Electrostatic Precipitators (ESP) have been installed at different sections of some of our the plants. In other plants, the ESP control systems have been replaced with the latest Microprocessor Control Systems in the cement mills. The dust collected is then fully recycled into the system.
- The air-deck blasting technique has been put in place for energy conservation in the mines.
- A six-stage pre-heater cyclone enables optimal heat utilization and exchange heat during the calcinations process.

Our Sponge Iron Plant at Salav is based on the latest technology with in-built pollution environmental conservation systems. It barely generates liquid effluents as the bulk of the water goes into a re-circulation mechanism. The Supa Flow system ensures the separation of solids from the effluents. As natural gas is the prime source of energy and is free from sulphur, the few gases that are released from the stacks are non-polluting. In addition, dry bag filters and wet scrubbers ensure a dust free environment.

Given the water problems faced in many parts of the country, where our plants are located, we have initiated unique rainwater harvesting projects. This is a boon not only for our plants but for the local populace as well.

Our Board and all of our employees are fully committed to environmental conservation. An attachment to the natural life of the planet remains fixed in our system. Tens of thousands of trees which form an awesome ring round our plants are a testimony to this attachment.

### Environment Policy

We are committed to conserve and protect the environment through continual improvement and participation of all employees.

It shall be our endeavour to

- Monitor, control and upgrade technology to prevent pollution and conserve resources.
- Comply with environmental legislation and regulations while striving for minimizing the impact of our activities on air, water and land.
- Create awareness among all employees and associates to pursue work in a manner, which promotes clean and green environment.

## SHAREHOLDER INFORMATION

1. Annual General Meeting
  - Date and Time : 17<sup>th</sup> July, 2004 at 11.30 a.m.
  - Venue : Grasim Staff Club,  
Registered Office,  
Birlagram-456 331  
Nagda (Madhya Pradesh)
2. Financial Calendar
  - Financial reporting for the quarter ending June 30, 2004 : End July 2004
  - Financial reporting for the half year ending September 30, 2004: End October 2004
  - Financial reporting for the quarter ending December 31, 2004 : End January 2005
  - Financial reporting for the year ending March 31, 2005 : End April 2005
  - Annual General Meeting for the year ended March 31, 2005 : End July / August 2005
3. Dates of Book Closure : 7<sup>th</sup> July, 2004 to 17<sup>th</sup> July, 2004  
(Both days inclusive)
4. Dividend Payment Date : On or after 17<sup>th</sup> July, 2004
5. Registered Office & Share Department : Grasim Industries Limited  
Share Department  
Birlagram – 456331  
Nagda, Madhya Pradesh  
Tel: (07366) 246760-246766  
Fax: (07366) 244114 / 246024  
E-Mail: shares@adityabirla.com  
Web: www.grasim.com /  
www.adityabirla.com

### 6. (a) Listing Details

Equity Shares	Global Depository Receipts (GDRs)	Non-Convertible Debentures
1. The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 023  2. National Stock Exchange of India Limited “Exchange Plaza”, Bandra-Kurla Complex Bandra (East), Mumbai 400051  3. Madhya Pradesh Stock Exchange,* 201 Palika Plaza II, M.T.H. Compound, Indore – 452 001  4. The Calcutta Stock Exchange Assn. Ltd.* 7, Lyons Range, Kolkata - 700 001	Societe de la Bourse de Luxembourg Societe Anonyme R.C.B 6222, B P 165 L- 2011, Luxembourg	National Stock Exchange of India Limited, “Exchange Plaza” Bandra-Kurla Complex Bandra (East), Mumbai 400051

*Note: Listing fees for the year 2004-05 has been paid to The Stock Exchange, Mumbai and National Stock Exchange, Mumbai. Listing fees for the GDRs has been paid to Societe de la Bourse de Luxembourg for the calendar year 2004.*

\* Company has submitted Application dated 18.08.2003 for Voluntary Delisting of its shares to Madhya Pradesh Stock Exchange and Calcutta Stock Exchange and the same is under their consideration and in view of the same listing fee for the year 2004-05 has not been paid to them.

During the year 2003-04 Ahmedabad, Bangalore, Cochin, Delhi and Madras Stock Exchanges have delisted Company's shares pursuant to its Application for Voluntary Delisting made to them.



6. (b) Overseas Depository for GDRs      Citibank N.A.  
 Depository Receipt Services  
 111, Wall Street, 20<sup>th</sup> Floor  
 NEW YORK, NY – 10005  
 Tel.: 001-212-6572026  
 Fax: 001-212-8252029
6. (c) Domestic Custodian of GDRs      Citi Bank N.A.  
 Custody Services,  
 Ramnord House,  
 77, Dr. Annie Besant Road, Worli  
 Mumbai 400025  
 Tel.: 91-22-24975301  
 Fax: 91-24937620

7. Stock Code :

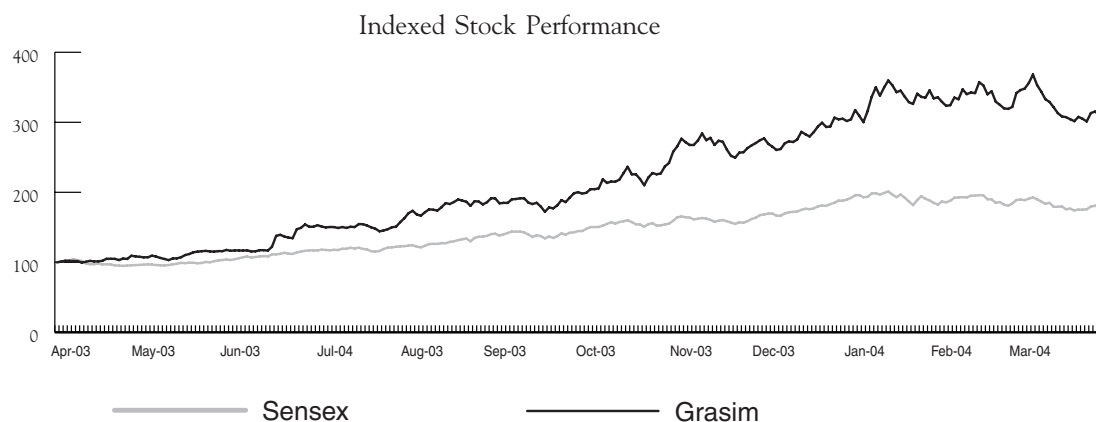
	Reuters	Bloomberg
Bombay Stock Exchange	GRAS.BO	GRASIM IN
National Stock Exchange	GRAS.NS	NGRASIM IN
Luxembourg Stock Exchange (GDRs)	GRASq.L	GRDS LI

8. Stock Price Data

	The Stock Exchange, Mumbai				National Stock Exchange				Luxembourg Stock Exchange		
	High	Low	Close	Av. Volume	High	Low	Close	Av. Volume	High	Low	Close
	(In Rs.)			(In Nos)	(In Rs.)			(In Nos)	(In US\$)		
Apr-03	369.0	322.0	360.8	89,783	368.8	325.0	360.9	130,185	7.4	6.8	7.4
May-03	392.5	340.6	385.6	80,216	393.0	341.0	386.0	160,225	8.2	7.2	7.9
Jun-03	524.7	371.4	502.0	221,434	524.9	375.3	504.0	465,756	10.8	8.1	10.8
Jul-03	556.0	470.0	542.1	232,218	555.7	440.0	546.5	511,598	12.0	10.4	11.4
Aug-03	636.0	534.0	618.4	207,540	650.0	534.1	620.0	539,444	14.0	12.0	13.8
Sep-03	672.0	565.0	666.2	117,244	672.8	560.0	666.3	282,797	15.0	13.2	14.6
Oct-03	868.0	655.2	858.3	173,515	868.0	648.0	854.7	419,171	18.8	14.5	18.8
Nov-03	955.1	824.0	899.5	195,022	956.7	823.0	899.3	398,466	20.8	18.4	19.9
Dec-03	1,037.7	863.4	1,004.0	94,207	1,037.6	861.0	1,003.9	250,468	22.6	19.0	22.1
Jan-04	1,200.0	990.0	1,111.7	145,130	1,203.0	980.0	1,113.2	311,218	26.2	21.8	25.0
Feb-04	1,204.7	1,040.0	1,071.1	88,634	1,214.0	1,045.0	1,069.5	258,950	26.1	23.1	23.9
Mar-04	1,233.0	992.3	1,069.5	107,877	1,234.9	991.0	1,068.0	325,215	27.2	22.0	24.6



## 9. Stock Performance



## 10. Stock Performance and Returns :

### Absolute Returns (In %)

(In Percentage)	1 Year	3 Years	5 Years
<b>GRASIM</b>	<b>223.3</b>	<b>329.1</b>	<b>577.4</b>
BSE Sensex	83.4	55.1	49.5
NSE Nifty	81.1	54.3	64.4

### Annualised Returns (In %)

(In Percentage)	1 Year	3 Years	5 Years
<b>GRASIM</b>	<b>223.3</b>	<b>62.5</b>	<b>46.6</b>
BSE Sensex	83.4	15.8	8.4
NSE Nifty	81.1	15.6	10.4

## 11. Registrar and Transfer Agents (For share transfers and other communication relating to share certificates, dividend and change of address)

: In-house Share Transfer  
Registered with SEBI as Category II  
Share Transfer Agent vide  
Registration No. INR 000003688

### Share Department

Grasim Industries Limited  
Birlagram 456331, Nagda, Madhya Pradesh  
Tel: (07366) 246760-246766  
(Extn. 5151, 6373, 6556)  
Fax: (07366) 244114/246024  
E-Mail: shares@adityabirla.com

## 12. Share Transfer System :

Share transfers in physical form are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. Officers of the Company have been authorized to approve transfers upto 5000 shares in physical form under one transfer deed. One Director jointly with two Officers have been authorized to approve the transfers exceeding 5000 shares under one transfer deed.

Transfer Period (in days)	2003-04			2002-03		
	No. of transfers	No. of shares	%	No. of transfers	No. of shares	%
1-15	12,261	450,600	88.4	6,130	385,857	95.3
16-20	985	40,253	7.9	311	16,844	4.2
21-30	487	19,040	3.7	61	2,041	0.5
				-	-	-
<b>Total</b>	<b>13,733</b>	<b>509,893</b>	<b>100.0</b>	<b>6,502</b>	<b>404,742</b>	<b>100.0</b>

13. Investor Services :

Complaints received during the year

Nature of complaints	2003 – 04		2002 – 03	
	Received	Cleared	Received	Cleared
Relating to Transfer, Transmission, Dividend, Interest, Demat & Remat and Change of address, etc.	53	53	58	58

*Legal proceedings on share transfer issues, if any : There are no major legal proceedings relating to transfer of shares.*

14. Distribution of Shareholding as on 31st March:

No. of equity shares held	2004				2003			
	No. of share holders	% of share holders	No. of shares held	% share holding	No. of share holders	% of share holders	No. of shares held	% share holding
1-100	165,703	86.4	5,047,997	5.5	210,863	87.0	6,498,172	7.1
101-200	13,604	7.1	1,946,517	2.1	16,898	7.0	2,416,767	2.6
201-500	8,306	4.3	2,581,547	2.8	9,876	4.1	3,055,397	3.3
501-1000	2,391	1.2	1,673,529	1.8	2,745	1.1	1,902,832	2.1
1001-5000	1,306	0.7	2,574,714	2.9	1,545	0.6	3,004,264	3.3
5001-10000	136	0.1	1,017,535	1.1	148	0.1	1,074,813	1.2
10001 & above	324	0.2	76,829,394	83.8	284	0.1	73,717,440	80.4
<b>Total</b>	<b>191,770</b>	<b>100.0</b>	<b>91,671,233</b>	<b>100.0</b>	<b>242,359</b>	<b>100.0</b>	<b>91,669,685</b>	<b>100.0</b>

15. Categories of Shareholding as on 31st March:

Category	2004				2003			
	No. of share holders	% of share holders	No. of shares held	% share holding	No. of share holders	% of share holders	No. of shares held	% share holding
Promoters & Persons acting in concert	37	—	20,110,407	21.9	37	—	18,715,245	20.4
UTI & Mutual Funds	171	0.1	10,512,031	11.5	132	0.1	7,570,849	8.2
Banks and FIs	243	0.1	10,658,650	11.6	287	0.1	14,535,748	15.9
FIIIs	124	0.1	18,165,728	19.8	85	—	12,935,235	14.1
GDRs	1	—	10,048,262	11.0	1	—	10,247,557	11.2
Corporates	1804	0.9	3,617,181	4.0	1885	0.8	5,318,186	5.8
NRI/OCBs	5343	2.8	3,663,943	4.0	5855	2.4	3,762,937	4.1
Indian Public	184,047	96.0	14,895,031	16.2	234,077	96.6	18,583,928	20.3
<b>Total</b>	<b>191,770</b>	<b>100.0</b>	<b>91,671,233</b>	<b>100.0</b>	<b>242,359</b>	<b>100</b>	<b>91,669,685</b>	<b>100.0</b>

16. Dematerialisation of Shares and Liquidity

: 81.30% of outstanding equity (including 10.96 % of capital in the form of Global Depository Receipts) have been dematerialised as on 31st March, 2004. Trading in equity shares of the Company is permitted only in the dematerialized form with effect from 5<sup>th</sup> April 1999, as per notifications issued by SEBI

17. Details on use of public funds

obtained in the last three years : Not Applicable

18. Outstanding GDR / Warrants and Convertible Bonds

: 10,048,262 GDRs (Previous Year 10,247,557) are outstanding as on 31<sup>st</sup> March 2004. Each GDR represents one underlying equity share. There are no warrants/convertible bonds outstanding as at the year-end.

19. Plant Locations:

**Fibre, Pulp & Chemical Plants**

**Staple Fibre Division**

Birlagram 456 331, Nagda  
Madhya Pradesh  
Tel : (07366) 246760-246766  
Fax : (07366) 244114 / 246024

**Harihar Polyfibres & Grasilene Division**

Harihar, Dist. Haveri  
Kumarapatnam 581 123, Karnataka  
Tel : (08373) 842637/39  
Fax : (08373) 842465, 842875

**Birla Cellulosic**

Birladham, Kharach,  
Kosamba 394120  
Dist. Bharuch (Gujarat)  
Tel : (02646) 270001/5  
Fax : (02646) 270010, 270310

**Cement Plants**

**Vikram Cement**

Dist. Neemuch,  
Khor 458470 (M.P.)  
Tel : (07420) 230514, 230614  
Fax : (07420) 235524

**Aditya Cement**

Adityapuram Sawa – Shambhupura  
Dist. Chittorgarh, Rajasthan 312613  
Tel : (01472) 22201972/97  
Fax : (01472) 2220289

**Grasim Cement**

Grasim Vihar, Village P.O., Rawan  
Tehsil: Sigma, Dist. Raipur  
Chittorgarh  
Tel : (07726) 288217/20  
Fax : (07726) 288215, 288209

**Rajashree Cement**

Aditya Nagar, Malkhed Road,  
Gulbarga 585292, Karnataka  
Tel : (08441) 2687221-24  
Fax : (08441) 2687225

**Grasim Cement Division – South**

Reddipalayam PO:  
Dist. Ariyalur 621704, T.N.  
Tel : (04329) 249240  
Fax : (04329) 249253

**Birla White**

Rajashree Nagar, Bhopalgarh  
Dist. Jodhpur Kharia Khangar 342606 (Raj.)  
Tel : (02920) 26040/89  
Fax : (02920) 264225

**Others Plants**

**Vikram Woollens**

GH I to IV, Ghironghi,  
Malanpur  
Dist. Bhind (M.P.) 477117  
Tel : (07539) 283602, 283603  
Fax : (07539) 283339

**Bhiwani Textile Mills/**

**Elegant Spinners**

Birla Colony, Bhiwani 127 021  
Haryana  
Tel : (01664) 243126, 242577  
Fax : (01664) 242575, 243717

**Sponge Iron Division**

**Vikram Ispat**

Salav, Dist. Raigad 402 202  
Maharashtra  
Tel : (02144) 260110 / 260119  
Fax : (02144) 260104, 260122

20. Investor Correspondence:

Share Department  
Grasim Industries Limited  
Registered Office: Birlagram 456331,  
Nagda (M.P.)  
Tel: (07366) 246760-246766  
Fax: (07366) 244114/246024  
E-Mail- [shares@adityabirla.com](mailto:shares@adityabirla.com)

21. Per Share Data:

	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
Net Earning (Rs. Crs.) @	750.4	536.2	359.2	359.5	233.1
Cash Earning (Rs. Crs.) @	1,030.4	775.3	662.4	611.4	470.1
EPS (Rs.) @	81.8	58.5	39.2	39.2	25.4
EPS Growth (%)	39.9	49.3	—	54.2	42.3
CEPS (Rs.) @	112.4	84.6	72.2	66.7	51.3
Dividend Per Share (Rs.)	14.0	10.0	9.0	8.0	7.0
Dividend Payout (%)	19.3	19.3	23.0	22.5	31.0
Book Value Per Share (Rs.)	393.2	324.0	295.2	271.2	302.8
Price to Earning*	13.1	5.7	7.4	6.4	14.2
Price to Cash Earnings*	9.5	3.9	4.0	3.7	7.0
Price to Book Value*	2.7	1.0	1.0	0.9	1.2

\* Based on Stock Price as on 31<sup>st</sup> March

@ Before exceptional items

Prior to FY01, Reserves & Surplus includes Deferred Tax balance.

22. OTHER USEFUL INFORMATION FOR SHAREHOLDERS

**Unpaid/Unclaimed Dividends**

1. In terms of Section 205A of the Companies Act 1956, unclaimed equity dividend for the financial year(s) up to 1994-95 has been transferred to the General Revenue Account of the Central Government. Shareholders who have so far not claimed or collected their dividend for the said financial year(s), may claim the same from the Registrar of Companies – Madhya Pradesh, Sanjay Complex, 3<sup>rd</sup> Floor, 'A' Block, Jayendraganj, Gwalior 474 009 (M.P.) by submitting an application in the prescribed form.
2. Shareholders who have not yet encashed their dividend warrants for the years 1997-98 to 2002-03 may approach the Share Department of the Company for revalidation / issue of duplicate dividend warrant quoting reference of their Ledger Folio numbers.
3. Pursuant to Sections 205A and 205C of the Companies Act, 1956, unclaimed equity dividend for the financial year ended 31st March, 1996 has been transferred by the Company to Investors Education and Protection Fund (IEPF) established by the Central Government. No claim shall lie from IEPF by the Members.
4. Shareholders are advised that dividend for the financial year ended 31<sup>st</sup> March, 1997 onwards which remains unpaid / unclaimed over a period of 7 years is to be transferred by the Company to Shareholders who have not claimed the dividend for this period are requested to lodge their claim with the Company, as under the amended provisions of Section 205B of the Act, no claim shall lie for the unclaimed dividend from IEPF by the Members.

**ECS Facility**

Company is providing facility of "Electronic Clearing Service" (ECS) mode of payment of dividend to shareholders. Shareholders are requested to provide details of their bank account for availing this facility in the form attached. Further, ECS facility is also available to the beneficial owners of shares in demat form. Those desirous of availing the facility may provide their mandate to the Company in writing, in the form attached with the AGM Notice.

**Share Transfer / Dematerialisation**

1. Share transfer requests are acted upon within 15 days from the date of their receipt at the Share Department. In case no response is received from the Company within 35 days of lodgement of transfer

- request, the lodger should immediately write to the Company with full details so that necessary action could be taken to safeguard interest of the concerned against any possible loss/interception during postal transit.
2. Dematerialisation requests duly completed in all respects are normally processed within 7 days from the date of their receipt at the Share Department of the Company.
  3. Equity Shares of the Company are under compulsory demat trading by all investors, with effect from 5<sup>th</sup> April, 1999. Considering the advantages of scripless trading, shareholders are requested to consider dematerialisation of their shareholding so as to avoid inconvenience in future.

#### **Correspondence with the Company**

Shareholders / Beneficial Owners are requested to quote their Folio No. / DP & Client ID Nos., as the case may be, in all correspondence with the Company. All correspondences regarding shares & debentures of the Company should be addressed to the Share Department of the Company at the Registered Office at Birlagram, Nagda (456 331) **and not to any other office(s) of the Company.**

#### **Non-Resident Shareholders**

Non-resident members are requested to immediately notify :-

- Indian address for sending all communications, if not provided so far;
- change in their residential status on return to India for permanent settlement;
- particulars of their NRE Bank Account with a bank in India, if not furnished earlier.

#### **Others**

1. In terms of the Regulations of NSDL & CDSL, the Bank Account details of Beneficial Owners of Shares in demat form will be printed on the dividend warrants as furnished by the Depository participants. The Company will not entertain any request for change of bank details printed on their dividend warrants. In case of any changes in your bank details please inform your DP immediately.
2. Shareholders holding shares in physical form are requested to notify to the Company, change in their address / Pin Code number and Bank Account details promptly by written request under the signatures of sole / first joint holder. Beneficial Owners of shares in demat form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney, etc. directly to their DP as the same are maintained by the DPs.
3. To prevent fraudulent encashment of dividend warrants, members are requested to provide their Bank Account Details (if not provided earlier) to the Company (if shares held in physical form) or to DP (if shares held in demat form), as the case may be, for printing of the same on their dividend warrants.
4. In case of loss/misplacement of shares, investors should immediately lodge a FIR/Complaint with the police and inform to Company along with original or certified copy of FIR / Acknowledged copy of Police complaint.
5. For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed. Wherever applicable, registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.
6. Shareholders are requested to keep record of their specimen signature before lodgement of shares with the Company to obviate possibility of difference in signature at a later date.
7. Shareholders of the Company who have multiple accounts in identical name(s) or holding more than one Share Certificate in the same name under different Ledger Folio(s) are requested to apply for consolidation of such Folio(s) and send the relevant Share Certificates to the Company.
8. Section 109A of the Companies Act, 1956 extends nomination facility to individuals holding shares in physical form in companies. Shareholders, in particular those holding shares in single name, may avail of the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form which can be obtained from the Share Department of the Company or send their request for the said Form on email on [shares@adityabirla.com](mailto:shares@adityabirla.com).
9. Shareholders are requested to give us their valuable suggestions for improvement of our investor services.

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 57<sup>th</sup> Annual Report and Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2004.

### FINANCIAL RESULTS

	2003-2004	(Rs. in crores) 2002-2003
<b>Gross Turnover</b>	<b>6130.0</b>	<b>5412.3</b>
Gross Profit	1321.5	967.3
Less : Depreciation	273.1	254.1
<b>Profit before exceptional items and tax expenses</b>	<b>1048.4</b>	<b>713.2</b>
<b>Exceptional Items</b>		
Profit / (Loss) on sale of Trade Investment	28.9	(208.6)
<b>Profit before Tax</b>	<b>1077.3</b>	<b>504.6</b>
Tax Expenses	(298.0)	(177.0)
Tax provision of earlier years written back	—	40.0
<b>Profit after Tax</b>	<b>779.3</b>	<b>367.6</b>
<b>Add:</b>		
Debenture Redemption Reserve written back	42.0	212.0
Investment Allowance Reserve written back	8.3	—
Balance brought forward from Previous Year	955.4	929.2
<b>Surplus available for Appropriation</b>	<b>1785.0</b>	<b>1508.8</b>
<b>Appropriation :</b>		
General Reserve	850.0	450.0
Proposed Dividend	128.3	91.6
Corporate Tax on Dividend	16.5	11.8
Balance transferred to Balance Sheet	790.2	955.4
	<b>1785.0</b>	<b>1508.8</b>

Your Company has recorded a stellar performance for the year. Turnover, Gross Profit and Net Profit, have all registered substantive increases.

As part of its ongoing endeavors toward shareholder value enhancement, your Company had initiated a slew of restructuring measures in the recent past. These have translated into superior performance of the Company during the year.

Your Company's performance has been driven by four major factors:

- First, growth in volumes;
- secondly, higher realisations;
- thirdly, savings in operating costs resulting from ongoing modernization efforts, up-gradation of plants and energy optimization; and
- fourthly, lowering of financing cost

Each of your Company's businesses pitched in remarkable performances resulting in a far higher growth over the previous year.

The VSF Business put up a creditable performance. Amidst intense competition from the Polyester industry, they improved realizations by 6%, undeterred by the severe water scarcity arising out of poor monsoons. In fact, your Company's plants at Nagda and Harihar had to be shut for 45 days and 75 days respectively. To continue to service customer needs uninterruptedly, your Company operated its VSF manufacturing facilities at more than their rated capacities and shored up its inventories. These are now at a comfortable level as the buffer for the current quarter for this fiscal has been built. Expansion of VSF capacity at all its plants is yet another forward looking step taken by the Company. With an increase of 31075 MT, the total VSF capacity stands raised to 251850 MT at the end of FY 2004.

Your Company's Cement Business has been the growth driver. Its performance has been notable, recording a growth of 7%, both in production and sales, even as the industry grew by 5%. The share of blended cement in the total cement production rose from 35% to 46%. Despite realizations being flat, operating margins were higher. Higher sales volumes and cost optimization measures in operations and logistics led to the improved performance of this business.

The Sponge Iron Business did remarkably well too. Production and Sales volumes were up by 12% and 11% at 687272 MT and 676921 MT respectively. Realisation surged by 44% to Rs. 9188 per M.T. Viewed in the backdrop of increased input cost to higher usage of naptha and higher price of pellets and iron ore, the performance of the division has been commendable.

The Chemical Business posted an impressive result registering an all-round growth of 4% over the previous year. ECU realization was up by 13% over the corresponding year.

Resultant from the measures kick-started by your Company over the past two years to consolidate the operations and gains from economies of scale, Textile Business could generate operating profits, after a gap of 3 years.

An unrelenting thrust on operational efficiencies through de-bottlenecking, plant up-gradation, energy reduction and modernization processes has resulted in bolstering productivity.

Operational excellence, cost optimization, effective financial management which are at the core of your Company's processes, coupled with continuous restructuring have led in no small measure to your Company's exemplary results.

#### DIVIDEND

Your Board has recommended a dividend of Rs.14 per share, and seeks your approval for the same. The total outgo of the dividend to be paid to the shareholders will be Rs.144.8 crores (inclusive of Corporate Tax on Dividend) as against Rs.103.4 crores paid in the previous year.

#### DEBENTURES AND TERM LOAN

Your Company has raised long term Foreign Currency loan of USD 50 million (Rs.233 crores). The funds were utilized to meet the requirements of capital expenditure and for general corporate purposes.

Your Company has repaid debentures aggregating Rs.309 crores. Your Company also repurchased its own debentures aggregating Rs.100 crores. The liability in respect of the debentures repurchased has been extinguished in the books.

#### RESEARCH AND DEVELOPMENT

To foster technical excellence, and to reinforce its leadership position through development of value added products, your Company continues to accord a high priority to R&D.

Your Company's Staple Fibre Division in close collaboration with Birla Research Institute for Applied Sciences, has successfully brought in house technologies for production of three new man made Cellulosic Fibre variants – High performance Viscose Fibres (Viscose Plus), High Wet Modulus Fibres (Modal), and the new generation Solvent-spun Fibres. Of these, commercial production and marketing of Viscose Plus and Modal Fibres has begun. A "State-of-the-Art" Technical Research & Development Centre is being set up at Kharach. The Centre, a hub of technical research and application development, will augment the endeavours of the Indian Textile Industry to attain global leadership by unleashing the power of innovative designs and products at all stages of value chain.

Significant investments have been made at your Company's R&D Centre at Vikram Cement to strengthen its activities in Materials, Product & Process Development in both Cement and Concrete. Additionally, the R&D Centre is working on joint programmes with VDZ (the German Cement Association), Penn State University in the US and the National Council of Cement and Building Materials (NCBM). These collaborations provide



your Company with access to the cumulative know-how and data bank of these world renowned institutions. The activities of the R&D Centre foster consistent quality across various plants and elevate your Company's products to benchmarkable quality standards. Work is also in progress on the commercialization of various alternative fuels.

## HUMAN RESOURCES

We recognise the value of people as our most valuable asset and believe that your Company's employees are central to its sustainable success.

Consequently, our people strategies are fully aligned with business strategies. Business goals are communicated down the line regularly so that our people have a complete understanding of the Company's strategic direction and can identify with it. Importantly employee goals are linked to organisational goals.

Developing, motivating, rewarding and retaining talent at all levels is a business priority and a key responsibility of your Company's Senior Management. Performance accountability is textured into the reward systems and recognition of achievements forms a critical part of our HR processes. Delegation, empowerment, learning from failures that emanate from calculated risks is being institutionalised as well. Talent that is sync with the Company's values, bubbles to the top.

Your management has met with considerable success in creating a work place environment that nurtures innovation and encourages people to constantly learn and grow.

At Gyanodaya, the Aditya Birla Institute of Management Learning, focused training programmes are conducted for management staff, so that they are in tune with the innovations in technology, in strategic business thinking, in leadership philosophy and in other soft skills.

While fostering a bottom-line oriented culture that is people-oriented, your management's clear message is that while it recognizes individual stars, it prizes collective team-work.

As a result of this human resources focus, your Company boasts of a highly engaged and committed workforce.

## CORPORATE GOVERNANCE

Your Company fully prescribes to the standards set out by the Securities And Exchange Board of India's Corporate Governance practices. Your Company has implemented all of its stipulations. Your Company's Statutory Auditors' Certificate dated 28<sup>th</sup> April, 2004 in terms of Clause 49 of the Stock Exchange Listing Agreement is annexed to and forms part of the Directors' Report.

As stipulated in Section 217(2AA) of Companies Act, 1956, your Directors subscribe to the "Directors' Responsibility Statement" and confirm that:-

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period ;
- iii) the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors have prepared the annual accounts on a going concern basis.

## SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts along with the report of the Board of Directors and Auditors' Report of your Company's subsidiaries, namely, Shree Digvijay Cement Company Limited, Sun God Trading And Investments Limited and Samruddhi Swastik Trading and Investments Limited, are annexed to this report.

In line with the Accounting Standard 21 (AS 21) relating to Consolidated Financial Statements and Accounting Standard 27 (AS 27) relating to Financial Reporting of Interests in Joint Ventures, the Consolidated Financial

Statements comprise the financial statements of your Company, its Subsidiary Companies listed above and Joint Ventures, namely, Idea Cellular Limited, TANFAC Industries Limited as on 31<sup>st</sup> March, 2004 and in respect of AV Cell Inc., Canada, as on 27<sup>th</sup> September, 2003.

#### PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956

The particulars of employees, required under Section 217(2A) of the Companies Act, 1956, are given as an Annexure to this report.

Additional information on conservation of energy, technology absorption and foreign exchange earnings and outgo, stipulated under Section 217(1)(e) of the Companies Act, 1956 is set out in a separate statement, attached to this report and forms part of it.

#### DIRECTORS

Mr. Y.P. Gupta, a nominee of Life Insurance Corporation of India, resigned from the Board, effective 14th June, 2003. Subsequently, at the Board Meeting held on 23rd October, 2003 he was appointed as an Additional Director, and holds office until the ensuing Annual General Meeting. The Company has received a Notice from a member under Section 257 of the Companies Act, 1956, proposing his appointment as a Director of the Company.

Mr. Shailendra K. Jain was appointed as the Whole Time Director of the Company from 1<sup>st</sup> November, 2001 to 30<sup>th</sup> November, 2003. The Board, subject to your approval, has re-appointed Mr. Jain as the Whole Time Director of the Company for a further period of 3 years, from 1<sup>st</sup> December, 2003 to 30<sup>th</sup> November, 2006.

Mr. Kumar Mangalam Birla, Mr. M.L. Apte and Mr. Cyril Shroff retire from office by rotation and being eligible, offer themselves for reappointment.

A brief resume, expertise and details of other directorships of these Directors are attached along with the Notice of the ensuing Annual General Meeting.

#### AUDITORS

Your Directors request you to appoint Auditors for the current financial year and fix their remuneration.

#### COST AUDITORS

In pursuance of Section 233-B of the Companies Act, 1956, your Directors have appointed M/s R. Nanabhoy & Co., Mumbai, M/s R. J. Goel & Co., Delhi, M/s K. G. Goel & Co., Jaipur and M/s N. D. Birla & Co., Ahmedabad as the Cost Auditors to conduct the Cost Audit of Pulp & Fibre, Caustic Soda, Cotton Textile and Cement for the year 2004, subject to the approval of the Central Government.

#### DELISTING OF EQUITY SHARES

In accordance with the approval granted by the shareholders, the Company has got its equity shares delisted from the Stock Exchanges at Ahmedabad, Bangalore, Chennai, Cochin and Delhi. Delisting application has been submitted to the Stock Exchanges at Kolkata and Indore and the same is under their consideration.

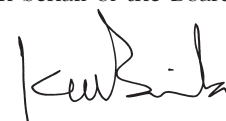
The Company's equity shares shall continue to be listed on The Stock Exchange, Mumbai (BSE) and the National Stock Exchange of India Ltd. (NSE), which have nationwide trading terminals.

#### APPRECIATION

Your Directors wish to place on record their appreciation of the dedication and commitment of your Company's employees to the growth of your Company during a challenging year. Their unstinted support has been and continues to be integral to your Company's ongoing success.

Your Directors express their gratitude to the Central and State Governments, banks, financial institutions, shareholders and business associates for their continued co-operation and guidance.

For and on behalf of the Board



KUMAR MANGALAM BIRLA

Chairman

Mumbai, 28<sup>th</sup> April, 2004

## ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988 and forming part of the Directors' Report for the year ended 31st March, 2004

### A CONSERVATION OF ENERGY

#### a) Energy Conservation measures taken

The Company is engaged in the continuous process of further energy conservation through improved operational and maintenance practices:

##### i) Viscose Staple Fibre Units

- Installation of Twin Roll Presses in place of Conventional Sieve Band Presses.
- Conversion of Double Effect Calcination evaporator to Triple effect.
- Installation of Energy efficient motors in place of old motors
- Installation of Bigger size Mixer Condenser (1400 mm diam) in all Multi Stage Flash Evaporators.
- Installation of Counter flow Cooling Towers with RCC structure in Sulfuric Acid Plant.
- Use of Energy Center CBD water as Boiler Feed water in Sulfuric Acid Plant
- New Economizer in Sulfuric Acid Plant with increased heat transfer area.
- Installation of Distributed Control System for Energy Centers.
- Variable Frequency Drives for :
  - Spinning Pumps for transferring Viscose to Spinning Machines
  - Viscose Flash Dearator Condenser Pumps
  - ID Fans of Boilers in Energy Centers.
- Replacement of Condenser pumps by energy efficient pumps in Viscose
- Direct flashing of hot sump zone in MSFEs for heat recovery
- Installation of Additional Multi Stage Flash Evaporator and idling down non-economical Double / Triple Effect Evaporators.
- Elimination of pre-dearator & "B" side blender for Viscose Ripening room.
- Use of Sump Zone for Tow washing
- Reduction in Boiler Feed Pump stages from 10 to 8 thereby reducing internal power consumption
- Preheating of demineralised water with hot acid in Acid Plant resulting in saving of LP steam.

##### ii) Pulp Units

- Replacement of purged type air dryer with refrigeration air dryer
- Modification in Bleach knotters drive system
- Replacement of Steam jet ejector in Evaporator with vacuum pump
- Replacement of filter water pumps with higher efficiency pumps

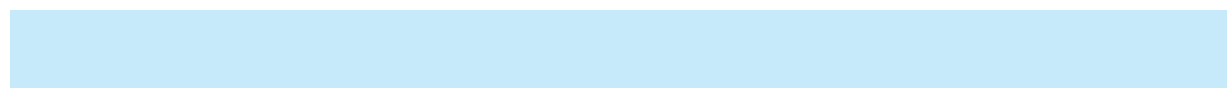
##### iii) Cement Units

- Installation of variable frequency drives
- Replacement of pneumatic transport system by a mechanical one
- Cement mill close circuiting
- Expert system for power saving in kiln, raw & cement mill
- Water spray in pre-calciner down comer duct
- Upgradation of cooler
- Modification of bag filter purging system
- Enlargement of riser duct of preheater

#### b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

##### i) Viscose Staple Fibre Units

- Installation of Energy Screw Compressors in place of Reciprocating Compressors for fibre baling presses & energy centres.
- Installation of Energy Efficient pumps in place of low efficient chiller feed/chilled water service pumps.
- Adoption of Variable Frequency Drive for pumps and air washer fan.
- Reduction in Refrigeration load by use of Spiral Condensers in CS2 plant
- New 5.2 MW Extraction cum Back Pressure Turbine for Energy Center in place of Pressure Reducing & Desuperheating Station for efficient utilization of thermal energy.
- Anti Friction Corro coating on Cooling Tower circulating water pumps in Energy Plant.
- Plant Lighting through low voltage transformer in Mechanized Coal Handling Plant



- Replacement of existing Air Compressors by Energy efficient compressors in Viscose.
- Replacement of Deaerator Cooling Tower with jet type fan less cooling tower in Viscose.
- Replacement of Higher head MSFE feed pump by lower head pump in recovery

**ii) Pulp Units**

- Improvement at Pulp drying by controls & instrumentation and installing Higher HP motor for screw press to reduce LDO consumption in flash dryer
- Energy conservation in white liquor supply system at causticizing by installing variable frequency drive & thermal insulation for pipe lines
- Replacement of old inefficient motors with higher efficiency, IP55 protection motors.
- Variable Frequency Drives for vacuum filters to replace existing dynodrive system.
- Modification in electrical power distribution system by re-arrangement of transformers to eliminate load losses.

**iii) Cement Units**

- Cooler waste gas heat utilization in raw & slag grinding
- Replacement of fan inlet damper by shut of damper
- Expert control system for optimization of raw, coal & cement mill & kilns
- Installation of pipe conveyor in place of pneumatic system
- Modification of preheater cyclones & riser duct, kiln inlet, TA duct
- Installation of Variable Frequency Drives
- Installation of V-separator in Raw Mill
- Upgradation of cooler by installing Omega plate

**c) Impact of Measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

The above measures have resulted in energy saving and consequent reduction in cost of production.

**d) Total Energy Consumption and Energy Consumption per Unit of Production:**

As per Form "A" attached.

**B. TECHNOLOGY ABSORPTION**

Efforts made in Technology Absorption in Form "B"

**RESEARCH & DEVELOPMENT (R&D)  
FORM "B"**

**1 Specific areas in which R&D carried out by the Company :**

**Cement Units**

- Development of reactive belite cements (Continued)
- Explored the possibility of utilization of non-ferrous slag in raw mix preparation
- Studies on impact of kiln feed particle size distribution on clinkerization
- Effect of pet coke as fuel on clinker granulometry & phase composition (in progress)
- Study of compatibility of super - plasticizer with cements

**2 Future Plan of Action**

- VSF & Pulp : Development of Fibers / processes for non woven
- Cement : Utilisation of marginal grade limestone / Optimisation of Raw mix with coal mix / Development of Application specific cements / Utilisation of alternative waste fuels.

**3 Expenditure on R & D**

In addition to expenditure on in-house Research & Development which are shown under respective heads of expenditure in the Profit & Loss Account, Rs. 131 lacs are shown under Research & Development expenses which includes amount paid to various Research Institutes for carrying out Research and Development work related to Company's products.

**4 Technology Absorption, Adoption and Innovation**

The latest technology adopted for improving productivity and product quality and reducing consumption of scarce raw material and fuels.

Information regarding technology imported during the last five years. : Nil

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on Foreign Exchange earnings and outgo is contained in Schedule 23 (4) and (5) of accounts. The Company is exporting Viscose Staple Fibre, Chemicals, Cement, Textiles and Sophisticated Plant & Machinery of non-traditional nature.

# FORM 'A'

## Total Energy Consumption and Energy Consumption per unit of Production

### (A) POWER & FUEL CONSUMPTION

	Unit	Current Year	Previous Year
1. Electricity			
a) Purchased - Unit	'000	374764	358625
Total amount	Rs in lacs	15662.95	14359.04
Rate per Unit	Rs./Unit	4.18	4.00
b) Own Generation			
I) Through Diesel Generator - Unit	'000	352814	475311
Unit per Liter of Diesel Oil	Units/Ltr.	3.89	3.94
Cost / Unit	Rs./Unit	3.54	3.22
II) Through Stem Turbine - Units	'000	1160026	1001889
Units per Kg. Of Steam	Co-generation of Steam & Power		
Cost / Unit	Rs./Unit	2.17	1.99
(Cost of fuel and duties only)			
2. Coal (Slack, Steam & ROM including Lighting Coal)			
For Co-generation of Steam & Power	Tonne	1346818	1116494
For Process in Cement Plants	Tonne	1386737	1282618
Total amount	Rs in lacs	57506.67	46916.44
Average rate	Rs./Tonne	2103.73	1955.58
3. Furnace Oil (Including LSHS)			
Quantity	K. Ltrs.	101890	139039
Total amount	Rs in lacs	11085.67	15332.17
Average rate	Rs./K. Ltrs.	10880	11027
4. Light Diesel Oil (LDO)			
Quantity	K. Ltrs.	2069	2170
Total amount	Rs in lacs	330.62	320.57
Average rate	Rs./K. Ltrs.	15980	14772
5. High Speed Diesel Oil (HSD)			
Quantity	K. Ltrs.	1030	1169
Total amount	Rs in lacs	188.67	203.21
Average rate	Rs./K. Ltrs.	18325	17386
6. Internal Generation			
Steam			
a) From Chemical Recovery Boiler in Rayon Pulp plants			
Quantity	Tonne	454114	570209
Total Cost	Rs in lacs	39.72	41.44
Rate/Unit	Rs./Tonne	8.75	7.27
(Cost of Oil used for firing support in Boiler)			
b) From Waste Heat Boiler in Sulphuric Acid Plants:			
Quantity	Tonne	239468	234187
Total Cost	Rs in lacs	N.A.	N.A.
Rate/Unit	Rs./Tonne	N.A.	N.A.

### (B) CONSUMPTION PER UNIT OF PRODUCTION :

Name of the Product	Unit	Electricity units		Furnace Oil (Kg.)		Coal (Kg.)		Steam (Tonne)	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1. Viscose Staple Fibre (incl. for intermediate & by products)									
Standard	Per Tonne	1,500.00	1,500.00	-	-	-	-	12.50	12.50
Actual	Per Tonne	1,139.71	1,135.59	-	-	-	-	8.50	8.56
2. Caustic Soda (For Cell House only)									
a. Mercury Plant									
Standard	Per Tonne	3,400.00	3,400.00	-	-	-	-	-	-
Actual	Per Tonne	2,880.00	2,842.00	-	-	-	-	-	-
a. Membrane Cell Plant									
Standard	Per Tonne	2,400.00	2,400.00	-	-	-	-	-	-
Actual	Per Tonne	2,216.00	2,201.00	-	-	-	-	-	-
3. Cement									
Grey									
Standard	Per Tonne	120.00	120.00	-	-	220.00	220.00	-	-
Actual	Per Tonne	85.28	88.44	-	-	135.70	127.61	-	-
White									
Actual	Per Tonne	121.26	114.81	-	-	-	-	-	-
4. Textiles									
Actual									
Yarn	Per 100 Kg.	576.74	587.97	-	-	-	-	-	-
Fibre Dyeing	Per 100 Kg.	-	-	-	-	-	-	0.38	0.36
Cloth	Per 100 Kg.	461.72	409.06	-	-	-	-	0.89	0.65
5. Stable Bleaching Powder (SBP)									
Standard	Per Tonne	230.00	230.00	-	-	-	-	0.28	0.28
Actual	Per Tonne	120.00	132.00	-	-	-	-	0.14	0.15
6. Poly Aluminium Chloride									
Standard	Per Tonne	75.00	75.00	-	-	-	-	0.33	0.33
Actual	Per Tonne	63.00	60.00	-	-	-	-	0.22	0.21
7. Chlorosulphonic Acid									
Standard	Per Tonne	125.00	125.00	-	-	-	-	0.33	0.33
Actual	Per Tonne	113.00	114.00	-	-	-	-	0.15	0.15

Note : Form 'A' is not applicable to Sponge Iron Division

# AUDITORS' REPORT

## TO THE MEMBERS' OF GRASIM INDUSTRIES LIMITED

We have audited the attached Balance Sheet of GRASIM INDUSTRIES LIMITED, as at 31<sup>st</sup> March 2004 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

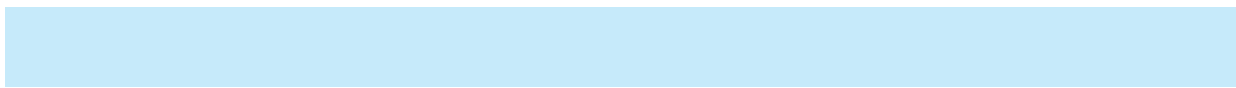
We report that-

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books. Proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
- (c) The reports on the accounts of the Branches audited by other Auditors, have been forwarded to us and have been appropriately dealt by us in preparing our report;
- (d) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account and with the audited returns from the branches;
- (e) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;
- (f) On the basis of written representations received from the directors of the company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2004 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon and appearing in Schedule of Accounting Policies and Notes on Accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2004
  - ii) in the case of the Profit & Loss Account, of the Profit for the year ended on that date, and
  - iii) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date

As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, on the matters specified in paragraphs 4 and 5 of the said Order, we further report that:

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) Fixed Assets have been physically verified by the Management according to the regular programme of periodical verification in phased manner which in our opinion is reasonable having regard to the size of





the Company and the nature of its Fixed Assets. The discrepancies noticed on such physical verification were not material.

- (c) No substantial part of Fixed Assets has been disposed off during the year, which has bearing on the going concern assumption.
- 2 (a) The Inventory of the Company at all its locations (except stocks lying with third parties and in transit, confirmation / subsequent receipt have been obtained in respect of such inventory) have been physically verified by the Management at reasonable intervals.
- (b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
- 3 The Company has neither granted nor taken any loans, secured or unsecured to and from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the clauses 4 (iii) (b) to (d) of the Order are not applicable.
- 4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- 5. In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered into a register maintained under Section 301 of the Companies Act, 1956. Accordingly, the clause 4 (v) (b) of the Order is not applicable.
- 6 In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed there under with regard to deposits accepted from the public. No order has been passed by Company Law Board in this regard.
- 7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- 8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- 9 (a) In our opinion and according to the information and explanations given to us, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Custom Duty, Excise Duty, Cess and any other statutory dues have been regularly deposited in time during the year with the appropriate authorities and there are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31<sup>st</sup> March 2004.
- (b) (i) In our opinion and according to the information & explanations given to us, there are no dues in respect of income tax and wealth tax that have not been deposited on account of any dispute.



- (ii) In our opinion and according to the information & explanations given to us, the dues in respect of sales tax, customs duty, excise duty, cess that have not been deposited with the appropriate authorities on account of dispute and the forum where the dispute is pending are given below; -.

Name of the Statute	Nature of the dues	Amt (Rs in Crs.)	Forum where dispute is pending
<i>Sales Tax Act</i>	<i>Sales Tax / Purchase Tax</i>	3.69 11.80 2.38	<i>Assessing Authorities Appellate Authorities High Court(s)</i>
<i>Customs Act</i>	<i>Custom Duty</i>	3.34 11.64	<i>Tribunal(s) High Court(s)</i>
<i>Central Excise Act</i>	<i>Excise Duty</i>	3.23 20.98 14.66 6.17	<i>Assessing Authorities Appellate Authorities Tribunal(s) High Court(s)</i>
	<i>Cement Cess</i>	0.16	<i>Assessing Authority</i>
<i>Water (Prevention &amp; Control of Pollution) Cess Act</i>	<i>Cess</i>	0.18 0.28 0.16	<i>Tribunal(s) Appellate Authorities(s) Other</i>
<i>Madhya Pradesh Upkar (Sansodhan &amp; Vidhimanyatakarar) Bill</i>	<i>Energy Development Cess</i>	22.77	<i>Supreme Court</i>

10. The Company does not have accumulated losses as at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. The Company has not defaulted in repayment of any dues to financial institutions or banks or debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society, therefore, the clause 4 (xiii) of the Order is not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
15. In our opinion, according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interest of the Company.
16. In our opinion, on the basis of information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
17. On the basis of an overall examination of the Balance sheet of the Company, no funds raised on short-term basis have been used for long-term investment and vice versa.
18. The Company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19. On the basis of records made available to us, the company has created securities in respect of debentures issued / outstanding during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and on the basis of information and explanations provided by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

	For LODHA & CO., Chartered Accountants	For G.P.KAPADIA & CO., Chartered Accountants
Place: Mumbai	NARENDRA LODHA Partner	ATUL B. DESAI Partner
Dated: 28 <sup>th</sup> April 2004	Membership No. 85155	Membership No. 30850

AUDITORS' CERTIFICATE  
TO THE MEMBERS OF GRASIM INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance procedures implemented by Grasim Industries Limited during the year ended March 31, 2004, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement(s) with Stock Exchanges have been complied with in all material respect by the Company and that no investor grievance(s) is/are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' Grievance/ Allotment and Transfer Committee of the Board.

	For LODHA & CO., Chartered Accountants	For G.P.KAPADIA & CO., Chartered Accountants
Place: Mumbai	NARENDRA LODHA Partner	ATUL B. DESAI Partner
Dated: 28 <sup>th</sup> April 2004		

## BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedules		Rs.in Crores Previous Year
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1 A	91.67	91.67
Share Capital Suspense	1 B	0.02	0.02
Reserves and Surplus	2	3,519.14	2,885.62
		<b>3,610.83</b>	<b>2,977.31</b>
<b>Loan Funds</b>			
Secured Loans	3	1,327.80	1,500.86
Unsecured Loans	4	709.09	539.26
Documentary Bills Discounted with Banks	5	28.34	35.95
		<b>2,065.23</b>	<b>2,076.07</b>
<b>Deferred Tax Liabilities</b>		<b>632.50</b>	<b>625.50</b>
<b>TOTAL</b>		<b>6,308.56</b>	<b>5,678.88</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	6	5,705.53	5,486.12
Less: Depreciation		2,588.92	2,330.11
Net Block		3,116.61	3,156.01
Capital Work-in-Progress		79.09	89.02
		<b>3,195.70</b>	<b>3,245.03</b>
<b>Fixed Assets held for disposal</b>		<b>22.57</b>	<b>25.06</b>
<b>Investments</b>	7	<b>2,540.65</b>	<b>1,796.05</b>
<b>Current Assets, Loans and Advances</b>			
Inventories	8	459.46	539.95
Sundry Debtors	9	484.63	429.65
Cash and Bank Balances	10	227.48	110.11
Loans and Advances	11	324.44	415.90
		<b>1,496.01</b>	<b>1,495.61</b>
Less:			
<b>Current Liabilities and Provisions</b>			
Liabilities	12	752.10	752.49
Provisions	13	194.27	130.38
		<b>946.37</b>	<b>882.87</b>
<b>Net Current Assets</b>		<b>549.64</b>	<b>612.74</b>
<b>TOTAL</b>		<b>6,308.56</b>	<b>5,678.88</b>
<b>Accounting Policies and Notes on Accounts</b>	22		

As per our separate report attached

For LODHA & Co.,  
Chartered Accountants

NARENDRA LODHA  
Partner

Mumbai  
Dated: 28th April, 2004

For G. P. KAPADIA & Co.,  
Chartered Accountants

ATUL B. DESAI  
Partner

D. D. RATHI  
Group Executive President & CFO

ASHOK MALU  
Company Secretary

KUMAR MANGALAM BIRLA  
Chairman

RAJASHREE BIRLA  
M. L. APTE

M. C. BAGRODIA  
B. V. BHARGAVA  
R. C. BHARGAVA  
Y. P. GUPTA  
S. G. SUBRAHMANYAN  
Directors

SHAIENDRA K. JAIN  
Whole-time Director

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	Schedules		Rs.in Crores Previous Year
<b>INCOME</b>			
Gross Sales		6,129.95	5,412.28
Less: Excise Duty		916.74	806.08
Net Sales		5,213.21	4,606.20
Interest and Dividend Income	14	141.60	74.54
Other Income	15	58.80	58.44
Increase / (Decrease) in Stocks	16	(24.31)	(13.75)
		5,389.30	4,725.43
<b>EXPENDITURE</b>			
Raw Materials Consumed	17	1,372.49	1,175.91
Manufacturing Expenses	18	1,306.67	1,244.81
Purchases of Finished and Other Products		50.47	17.62
Payments to and Provisions for Employees	19	358.90	332.24
Selling, Distribution, Administration and Other Expenses	20	825.46	819.10
Interest	21	153.88	168.41
Depreciation [Note A of Schedule 6]		273.06	254.14
		4,340.93	4,012.23
<b>Profit before Tax &amp; Exceptional Items</b>		1,048.37	713.20
Profit/ (Loss) on Sale of Trade Investments		28.89	(208.62)
<b>Profit before Tax</b>		1,077.26	504.58
Provision for Current Tax		(291.00)	(192.00)
Deferred Tax		(7.00)	15.00
Tax Provision of earlier years written back		—	40.00
<b>Profit after Tax</b>		779.26	367.58
Debenture Redemption Reserve No Longer Required		42.04	212.01
Investment Allowance Reserve No Longer Required		8.27	-
Balance brought forward from Previous Year		955.41	929.24
<b>Profit available for Appropriation</b>		1,784.98	1,508.83
<b>Appropriations</b>			
Proposed Dividend		128.34	91.67
Corporate Dividend Tax		16.44	11.75
General Reserve		850.00	450.00
Balance carried to Balance Sheet		790.20	955.41
		1,784.98	1,508.83
<b>Basic and diluted earnings per share (in Rs.)</b>		84.99	40.09
<b>Accounting Policies and Notes on Accounts</b>	22		

As per our separate report attached

For LODHA & Co.,  
Chartered Accountants

NARENDRA LODHA  
Partner

Mumbai  
Dated: 28th April 2004

For G. P. KAPADIA & Co.,  
Chartered Accountants

ATUL B. DESAI  
Partner

D. D. RATHI  
Group Executive President & CFO

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B. V. BHARGAVA  
R. C. BHARGAVA  
Y. P. GUPTA  
S. G. SUBRAHMANYAN  
Directors

SHAIENDRA K. JAIN  
Whole-time Director

## SCHEDULES FORMING PART OF ACCOUNTS

		Rs.in Crores Previous Year
<b>SCHEDULE 1</b>		
<b>A. SHARE CAPITAL</b>		
<b>Authorised</b>		
95000000 Equity Shares of Rs.10 each	95.00	95.00
Redeemable Cumulative Preference Shares of Rs.100 each		
150000 15 % "A" Series	1.50	1.50
100000 8.57 % "B" Series	1.00	1.00
300000 9.30 % "C" Series	3.00	3.00
	<u>100.50</u>	<u>100.50</u>
<b>Issued, Subscribed and Paid up</b>		
91671233 Equity Shares of Rs.10 each fully paid (Previous year 91669685 Equity Shares)	91.67	91.67
Of the above, 29532500 Equity Shares were issued as fully paid up Bonus Shares by way of Capitalisation of Share Premium and Reserves and 19357263 (previous Year 19355715) Equity Shares of Rs.10 each issued as fully paid up for acquiring the cement business pursuant to Scheme of Arrangement without payment being received in cash.		
<b>B. SHARE CAPITAL SUSPENSE</b>		
18252 Equity Shares (Previous year 19800) of Rs. 10 each to be issued as fully paid up pursuant to acquiring of cement business of Indian Rayon and Industries Limited under Scheme of Arrangement without payment being received in cash.	0.02	0.02

## SCHEDULE 2

### RESERVES AND SURPLUS

	Balance as at 31st March, 03	Addition during the year	Deduction/ Adjust- ments during the year	Balance as at 31st March, 2004
1. Capital Reserve				
— On Revaluation of Fixed Assets	6.27	—	0.96*	5.31
— Capital Subsidy	1.53	—	—	1.53
2. Amalgamation Reserve	1.38	—	—	1.38
3. Preference Share Capital Redemption Reserve	1.48	—	—	1.48
4. Debenure Redemption Reserve	196.50	—	42.04	154.46
5. Share Premium Account	823.32	—	—	823.32
6. General Reserve	891.00	850.00	—	1,741.00
7. Investment Allowance Reserve	8.73	—	8.27	0.46
8. Surplus as per Profit and Loss Account	955.41	—	165.21	790.20
	<u>2885.62</u>	<u>850.00</u>	<u>216.48</u>	<u>3519.14</u>
Previous year	<u>2622.51</u>	<u>476.17</u>	<u>213.06</u>	<u>2885.62</u>
*Deduction/adjustment on account of : -				
a) Assets sold/discarded	Rs.	0.23 Crores		
b) Depreciation provided on revalued block	Rs.	0.73 Crores		
	Rs.	0.96 Crores		

## SCHEDULES

### SCHEDULE 3

Rs. in Crores  
Previous  
Year

#### SECURED LOANS

Non-Convertible Debentures	990.50	1,398.34
Other Loans:		
Foreign Currency Loan Secured by first pari passu charge on the assets of cement plants at Jawad and Shambhupura	233.23	—
Deferred Sales-tax Loan secured by first available charge on assets of		
Cement Units I & II at Jawad [subject to charge of foreign currency loans referred above]	21.03	25.58
Dharani Cement at Reddipalayam	—	0.44
Working Capital Borrowings from Banks secured by hypothecation of stocks and book debts of the Company	83.04	76.50
	<b>1327.80</b>	<b>1500.86</b>

#### Notes:

- 1) Non-Convertible Debentures are secured by first legal/equitable mortgage on immovable assets, hypothecation of movable assets and floating charge on other assets, both present and future, of the specified divisions. This charge is subject to hypothecation/charge in favour of Banks on stocks and bookdebts for working capital borrowings (except XXII, XXIII, XXVI, XXVIII, XXIX, XXX., XXXI, XXXII, XXXIII, XXXIV, XXXV and XXXVI Series debentures which do not have any charge on current assets)
  - a) 11% - XVII Series Non-Convertible Debentures (redeemed at par in three equal annual instalments commenced from 1.1.2002) — 28.34
  - b) 12.25% - XX Series Non-Convertible Debentures (redeemable at par in three annual instalments of 35%, 35% and 30% respectively of the face value of the debentures, commenced from 10.12.2002) are secured on assets of Staple Fibre Division at Kharach. 60.00 130.00
  - c) 13.50% - XXI Series Non-Convertible Debentures (redeemed at par on 15.7.2003) — 150.00
  - d) i) 13.25% - XXII Series Non-Convertible Debentures (redeemable at par in three equal annual instalments commencing from 31.3.2005); 73.00 80.00  
and  
ii) 12.60% - XXIII Series Non-Convertible Debentures (redeemable at par in three annual instalments of 33%, 33% and 34% respectively of the face value of the debentures, commencing from 17.8.2005) 108.50 130.00  
are secured on a plot of land situate in Maharashtra and on the assets of Cement Division-South at Reddipalayam.
  - e) i) 10.75% - XXVI Series Non-Convertible Debentures (redeemable at par on 07.06.2005); 120.00 120.00  
ii) 11.25% - XXVII Series Non-Convertible Debentures (redeemed at par on 15.12.2003 under the call option); — 60.00  
iii) 10.10% - XXVIII Series Non-Convertible Debentures (redeemable at par on 01.06.2006); 65.00 75.00  
and  
iv) 9.70% - XXIX Series Non-Convertible Debentures (redeemable at par on 03.07.2008 with put and call option at the end of 5th year from the date of allotment i.e. 03.07.2001) 45.00 50.00  
are secured on assets of Sponge Iron division at Salav.
  - f) 8.85% - XXX Series Non-Convertible Debentures (redeemable at par on 04.12.2008 with put and call option at the end of 5th year from the date of allotment i.e. 04.12.2001) are secured on plot of land situated in Maharashtra and on the assets of Caustic Soda Plant at Nagda and Cement Plant at Raipur. 124.00 150.00
  - g) i) 8.35% - XXXI Series Non-Convertible Debentures (redeemable at par on 05.07.2009, with put and call option at the end of 5 years from the date of allotment i.e. 05.07.2002) 80.00 100.00

## SCHEDULES

### SCHEDULE 3 (Contd.)

		Rs.in Crores Previous Year
ii) 8.20% - XXXII Series Non-Convertible Debentures ( redeemable at par on 20.07.2009 , with put and call option at the end of 5 years from the date of allotment i.e. 20.07.2002)	40.00	50.00
iii) Floating Rate ( 14% - CMT1 per annum ) - XXXIII Series Non-Convertible Debentures ( redeemable at par on 13.08.2007)	50.00	50.00
iv) 7.55% - XXXIV Series Non-Convertible Debentures ( redeemable at par on 20.08.2007) and	25.00	25.00
v) 6.75% - XXXV Series Non-Convertible Debentures ( redeemable at par on 09.11.2009 , with put and call option at the end of 5 years from the date of allotment i.e. 09-11-2002) are secured on assets of Birla Super Cement division at Hotgi, Rajashree Cement Division at Malkhed and Birla White Cement Division at Kharia Khangar.	100.00	100.00
h) 6.08% - XXXVI Series Non-Convertible Debentures ( redeemable at par on 11.01.2010 , with put and call option at the end of 5 years from the date of allotment , i.e. 11.01.2003 ) are secured on assets of Staple Fibre Division at Kharach.	100.00	100.00
	<u>990.50</u>	<u>1,398.34</u>

### SCHEDULE 4

#### UNSECURED LOANS

Fixed Deposits	0.31	0.84
Short Term Loans and Advances:		
From Banks:		
Buyers' Import Credit	243.10	136.05
	<u>243.10</u>	<u>136.05</u>
Other Loans and Advances:		
From Banks:	19.38	19.75
From Others:		
Deferred Sales Tax Loan	446.30	382.62
	<u>465.68</u>	<u>402.37</u>
	<u>709.09</u>	<u>539.26</u>

### SCHEDULE 5

#### DOCUMENTARY BILLS DISCOUNTED WITH BANKS

Against Demand/ Usance Bills under Letter of Credit (Secured)	27.97	35.62
Against Usance Bills (Unsecured)	0.37	0.33
	<u>28.34</u>	<u>35.95</u>



# SCHEDULES

## SCHEDULE 6 FIXED ASSETS

Rs. in Crores

S. No.	PARTICULARS	← GROSS BLOCK →			← DEPRECIATION →				NET BLOCK	
	As at 31.3.03	Additions and/or transfers	Deductions and/or transfers	As at 31.3.04	Upto 31.3.03	Deductions and/or transfers	For the Year	Upto 31.3.04	As at 31.3.04	As at 31.3.03
1.	FREEHOLD LAND	69.89	1.76	0.19	71.46	—	—	—	71.46	69.89
2.	LEASEHOLD LAND	50.30	0.38	—	50.68	4.09	—	1.46	5.55	46.21
3.	BUILDINGS	467.20	18.89	0.20	485.89	85.32	0.09	11.38	96.61	381.88
4.	WORKERS' QUARTERS UNDER GOVERNMENT SUBSIDISED SCHEMES	0.55	—	—	0.55	0.47	—	0.01	0.48	0.08
5.	RAILWAY SIDINGS	102.75	3.53	0.47	105.81	28.79	0.07	4.96	33.68	73.96
6.	PLANT & MACHINERY	4,538.67	201.09	13.27	4,726.49	2,094.03	9.36	235.35	2,320.02	2,444.64
7.	SHIPS	64.12	—	—	64.12	22.87	—	3.21	26.08	41.25
8.	FURNITURE, FITTINGS & OFFICE EQUIPMENTS	148.69	8.70	5.19	152.20	81.80	4.06	11.88	89.62	66.89
9.	LIVESTOCK	0.01	—	—	0.01	—	—	—	0.01	0.01
10.	VEHICLES ETC.	43.94	6.82	2.44	48.32	12.74	1.40	5.54	16.88	31.20
		5,486.12	241.17	21.76	5,705.53	2,330.11	14.98	273.79	2,588.92	3,156.01
Previous Year		5,249.21	313.04	76.13	5,486.12	2,108.06	33.08	255.13	2,330.11	
CAPITAL WORK-IN-PROGRESS (including Advances & Pre-operative Expenses)									79.09	89.02
									3195.70	3245.03

Notes:

		Rs. in Crores	
		Previous Year	Year
A.	Depreciation for the year		
	Total Depreciation	273.79	255.13
	Less:		
	Additional depreciation on revalued assets withdrawn from capital reserve	0.73	0.99
	Depreciation included under other heads of expenses	—	—
	Transferred to Pre-operative expenses	—	—
		0.73	0.99
		273.06	254.14
B.	1. Building includes value of Shares of Rs. 3750 (Previous year Rs. 3750) issued by the Co-Operative Housing Society under its Bye-laws, in the name of Company's nominees.		
	2. Execution of documents in respect of plots of Land amounting to Rs.2.50 Crore (Previous Year Rs. 5.36 Crores) is still pending		
	3. The title deeds of some of the immovable properties transferred pursuant to the Scheme of Arrangement are yet to be transferred in the name of company.		
	4. Workers' Quarters include those mortgaged with State Governments against subsidies received.		
	5. Buildings of Rs.0.61 (Previous Year Rs. 0.61 Crores), yet to be registered in the name of the Company.		
	6. Building include Rs.15.13 crores towards shares and debentures for right of exclusive use, possession and occupation of office space.		
	7. Assets amounting to Rs. 40.12 Crores are held on Co-ownership with other company.		
	8. Fixed Assets include assets of Rs.12.42 Crores (Previous year Rs.7.01 Crores) not owned by the Company		
	9. Plant and Machinery include assets given on operating lease amounting to Rs.25.53 crores (Previous year Rs.25.53 crores)		
	10. Capital work in progress include advance against Capital Orders, Technical know-how and Supervision fees, Machinery under installation/in transit; construction materials purchases and other assets under erection; and pre-operative expenses.		
	11. Leasehold Land include mining rights.		

## SCHEDULES

### SCHEDULE 6 (Contd.)

		Rs.in Crores Previous Year
C. Pre-operative Expenses pending Allocation /Appropriation :		
1 Raw Materials Consumed	—	0.13
2 Power & Fuel	—	0.28
3 Salaries, Wages, Bonus, Gratuity, etc.	0.03	0.45
4 Contribution to Provident & Other Funds	0.01	0.03
5 Employee's Welfare Expenses	0.01	0.02
6 Rent and Hire Charges	0.07	0.03
7 Rates & Taxes	—	0.01
8 Stationery, Printing, Postage and Telephone Expenses	—	0.14
9 Travelling & Conveyance	0.01	—
10 Legal and Professional Charges	0.04	0.83
11 Miscellaneous Expenses	1.53	0.52
	<u>1.70</u>	<u>2.44</u>
Add: Pre-operative Expenditure incurred upto Previous Year	9.45	10.27
Total Pre-operative Expenditure	<u>11.15</u>	<u>12.71</u>
Less: Allocated/transferred to Fixed Assets/Capital Work-in-progress	0.78	3.26
Balance transferred to Capital Work-in-progress	<u>10.37</u>	<u>9.45</u>

### SCHEDULE 7

#### INVESTMENTS

##### LONG TERM

##### 1. Government and Trust Securities

i) Government Securities		
Unquoted -		
Securities deposited with Government Departments	0.02	0.02
ii) Trust securities - In Units		
Quoted -		
- Units of Rs.10 each in Units (1964 Scheme) of Unit Trust of India (Previous Year 500000) (Refer Note 6)	—	0.76
546698 6.75% US 64 Bonds of Rs. 100 each of The Unit Trust of India (Refer Note 6)	5.95	—

##### 2. Shares, Bonds and Debentures

##### A TRADE INVESTMENTS

Equity Shares - Fully paid		
a) Quoted - Rs.10 each		
2964111 Indian Rayon and Industries Limited	38.10	38.10
996000 TANFAC Industries Limited	1.00	1.00
- Indo Gulf Fertilisers Limited (Previous Year 5528289)	—	12.54
	<u>39.10</u>	<u>51.64</u>
b) Unquoted -		
1398857 Thai Rayon Public Company Limited, Thailand of Thai Baht 10 each.	1.07	1.07

## SCHEDULES

### SCHEDULE 7 (Contd.)

			Rs.in Crores Previous Year
5000	P.T. Indo Bharat Rayon Co. Limited, Indonesia of Indonesian Rph 62625(US \$100) each.	0.40	0.40
15000	A.V Cell Inc., Canada Class 'A' Share of total value of Canadian Dollar 2.5 Million	6.88	6.88
149250	Alexandria Carbon Black Co., S.A.E. of L.E. 100 each	14.99	14.99
171013894	Idea Cellular Limited ( Previous Year 157013894) Pledged on pari passu basis with Toronto Dominion Bank (South East Asia) Limited, Bank of America and IDBI Ltd.	171.01	157.01
		<u>194.35</u>	<u>180.35</u>
		233.45	<u>231.99</u>
<b>B OTHER INVESTMENTS</b>			
a) Quoted - Fully Paid :			
i) Equity Shares of Rs. 10 each.			
15	Mysore Cement Limited (Rs.117, Previous Year Rs. 117)		
2117170	Century Enka Limited	1.35	1.35
400000	Mangalam Cement Limited	1.15	1.15
—	Industrial Development Bank of India ( Previous Year 1001440 )	—	1.66
36942154	Larsen & Toubro Ltd. ( Previous Year 35997798 )	988.72	970.70
2303453	Hindalco Industries Limited	48.64	48.64
ii) Optionally Convertible Cumulative Preference Shares of Rs.10 each			
400000	Mangalam Cement Limited	0.40	0.40
		<u>1040.26</u>	<u>1023.90</u>
b) Unquoted - Fully Paid:			
i) Equity Shares			
422496	Indophil Textile Mills Inc.,Philippines of peso 10 each	0.04	0.04
8250000	Thai Carbon Black Public Company Limited, Thailand of Thai Baht 1 each (Previous Year 825000 of Thai Baht 10 each)	2.18	2.18
2500	Birla International Ltd. - Isle of Man of CHF 100 each	0.53	0.53
1300	Gwalior Rayon Consumers Co-operative Stores Limited of Rs.100 each	—	—
468	Industry House Limited of Rs. 100 each (Rs.31200) (Previous year Rs.31200)		
500	Super Bazar Co-operative Society Limited of Rs.10 each (Rs.5000, Previous year Rs.5000)		
ii) Unquoted - Fully Paid - Equity Shares of Rs.10 each			
12000	Birla Consultants Limited	0.01	0.01
1982125	Gwalior Properties and Estates Pvt. Limited	6.41	6.41
1982125	Seshasayee Properties Pvt. Limited	6.41	6.41
1909550	Turquoise Investments and Finance Pvt. Limited	15.21	15.21
1911500	Trapti Trading & Investments Pvt. Limited	15.22	15.22
		<u>46.01</u>	<u>46.01</u>
		1086.27	<u>1069.91</u>

## SCHEDULES

### SCHEDULE 7 (Contd.)

			Rs.in Crores Previous Year
<b>3. Shares In Subsidiary Companies</b>			
Quoted -Fully Paid - Equity Shares of Rs.10 each			
4652870 Shree Digvijay Cement Company Limited	56.37		56.37
	<u>56.37</u>		<u>56.37</u>
Unquoted -			
a) Fully Paid - Equity Shares of Rs.10 each			
6500000 Samruddhi Swastik Trading And Investments Limited	6.50		6.50
49000 Sun God Trading And Investments Limited	0.05		0.05
b) Fully Paid - Preference Shares of Rs.100 each			
100 Sun God Trading And Investments Limited ( Rs. 10000 , previous year Rs. 10000)			
c) Partly Paid:			
100 Preference Shares of Rs.100 each, Paid up Rs.25 each in Samruddhi Swastik Trading And Investments Limited (Rs.2500, Previous Year Rs.2500)			
	<u>6.55</u>	62.92	<u>62.92</u>
<b>CURRENT</b>			
a) Unquoted - Fully Paid - Government Securities			
1 9.40% GOI 2012 of face value Rs. 5 Crs each	6.54		—
1 10.25% GOI 2021 of face value Rs. 5 Crs each	7.48		—
- 12.40% GOI 2013 of Rs. 25000/- each (Previous Year 2000)	—		7.03
	<u>14.02</u>		<u>7.03</u>
b) Unquoted - Fully Paid - Subsidiary Company			
500000 12.25% NCD of Shree Digvijay Cement Company Ltd. Series I face value Rs. 100 each.	3.39		—
c) Quoted - Fully paid - Own Debentures			
- 9.70% Series XXIX of Rs. 50 Lacs each (Previous Year 10)	—		5.35
- 8.85% Series XXX of Rs. 50 Lacs each (Previous Year 20)	—		10.70
- 8.35% Series XXXI of Rs. 50 Lacs each (Previous Year 20)	—		10.19
	<u>0.00</u>		<u>26.24</u>
d) Unquoted - fully paid up			
Units of Debt Schemes of various Mutual Funds	1134.63		397.18
		<u>1,152.04</u>	<u>430.45</u>
		<u>2540.65</u>	<u>1796.05</u>
Aggregate Book Value of :			
a) Quoted Investments	1141.68		1158.91
b) Unquoted Investments	1398.97		637.14
	<u>2540.65</u>		<u>1796.05</u>
Aggregate Market Value of Quoted Investments	2494.62		880.40

## SCHEDULES

### SCHEDULE 7 (Contd.)

Notes:

1. The Company has earmarked 30000 nos. 6.75% US 64 Bonds of Rs.100 each cost being Rs.0.31 Crores (Market Price Rs.0.32 Crores) in compliance with the provisions of Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975 (as amended).
2. No. of Units of Various Mutual Funds - Debt Schemes purchased and redeemed during the year 4271504594
3. During the year the Company has purchased and sold 102500 nos. 6.75% US 64 Bonds of face value Rs. 100 each.
4. During the year the Company has purchased and sold following Government Securities:

	Face Value Rs. Lacs
6.35% GOI 2020	1000.00
7.46% GOI 2017	1000.00
7.49% GOI 2017	500.00
8.07% GOI 2017	500.00
9.81% GOI 2013	1000.00
9.85% GOI 2015	500.00
11.03% GOI 2012	500.00
11.99% GOI 2009	500.00

5. Pursuant to undertaking given to some financial institutions and others, the company can not dispose of shareholding without their prior approval (till such time the loans given to these companies by these institutions are repaid in full.) in following companies  
(a) Mangalam Cements Ltd. , (b) Century Enka Limited and (c) Idea Cellular Limited ( 25% of the Company's Holding.)
6. The Company was holding 500000 Units of Rs. 10 each of Unit 1964 Scheme of Unit Trust of India - II. During the year, these Units were converted into 50100 nos. of 6.75% US 64 Bonds of Rs. 100 each.

### SCHEDULE 8

#### INVENTORIES

(As valued and certified by the Executives of the respective Divisions)

		Rs.in Crores Previous Year
Stores and Spare parts, Packing Materials and Fuels	177.58	198.22
Raw Materials	125.14	152.14
Finished Goods	100.03	129.61
By Products	1.79	7.33
Process Stock	53.75	51.20
Waste/Scrap (at net realisable value)	1.17	1.45
	<b>459.46</b>	<b>539.95</b>

### SCHEDULE 9

#### SUNDRY DEBTORS

Exceeding six months :

Good and Secured	0.10	0.36
Good and Unsecured	20.25	34.00
Doubtful and Unsecured	1.39	1.41

	<b>21.74</b>	<b>35.77</b>
Less: Provision for Doubtful Debts	1.39	1.41
	<b>20.35</b>	<b>34.36</b>

Others		
Good and Secured	171.46	149.14
Good and Unsecured	292.82	246.15
	<b>464.28</b>	<b>395.29</b>
	<b>484.63</b>	<b>429.65</b>

## SCHEDULES

### SCHEDULE 10

#### CASH AND BANK BALANCES

		Rs. in Crores Previous Year
Cash balance on hand	9.51	5.50
Bank Balances:		
With Scheduled Banks:		
Current Accounts (including cheques under collection)	88.71	63.83
Saving Accounts		
Deposit Accounts (Note 1)	1.23	40.73
	89.94	104.56
With Others (Note 2)	—	0.02
	89.94	104.58
In Post Office Savings & Deposit Accounts (Rs.5619, previous year Rs.9474)		
In Government Treasury Saving Account	0.03	0.03
	99.48	110.11
Escrow Account with Scheduled Bank (Note 9 of part B Schedule 22 )	128.00	-
	227.48	110.11

#### Notes :

- Deposits include (a) Rs.0.18 Crore (Previous Year Rs.0.18 Crore) lodged as security with Government Department (b) Rs.0.09 Crore (Previous year Rs. 0.12 Crore) earmarked for Employees' Security Deposit and (c) Rs. 0.09 Crore (Previous Year Rs. 0.07 Crore) as Interest accrued.
- Balances with Others represents :

				Rs. in Crores
Name of the Bank Nature of Account	Bank Balance As at 31.3.04	As at 31.3.03	Maximum Outstanding Current Year	Previous Year
Current Account with : Standard Chartered Bank, Dubai	—	0.02	0.02	0.50

### SCHEDULE 11

#### LOANS AND ADVANCES (Considered Good)

		Rs. in Crores Previous Year
Secured Loan	—	0.09
Unsecured-		
Deposits with Bodies Corporate	16.11	29.32
Deposits and Balances with Government and other Authorities (including accrued interest )	39.30	37.54
Other Deposits	29.79	31.86
Advances to Subsidiaries ( Note 1 )	100.60	110.95
Advances recoverable in cash or in kind or for value to be received (Due from Officers of the Company Rs.0.23 Crore, Previous Year Rs.0.34 Crore, Maximum outstanding during the Year Rs.0.35 Crore, Previous Year Rs. 0.36 Crore)	138.64	137.73
Advance Income tax (Net of Provision)	—	68.41
	324.44	415.81
	324.44	415.90

#### Note 1 :

Amounts at the year end and Maximum Balances outstanding during the year.

	Outstanding as on 31-03-04	Rs. in Crores Maximum Balance
Shree Digvijay Cement Co. Ltd.	64.80	71.33
Samruddhi Swastik Trading & Investment Co. Ltd.	35.80	39.62
Sun God Trading & Investment Co. Ltd.	—	(Rs. 7225)

## SCHEDULES

### SCHEDULE 12

#### CURRENT LIABILITIES

Sundry Creditors :

		Rs.in Crores Previous Year
a) Small scale industrial undertakings * (To the extent identified with available information)	0.32	0.08
b) Others	520.19	516.66
	520.51	516.74
Security and Other Deposits	106.16	94.46
Amount transferable to Investor Education and Protection Fund, when due		
a) Unpaid Dividend	3.38	2.97
b) Unpaid Matured Debentures	0.71	1.02
c) Interest accrued on a) and b) above	0.13	0.13
Other Liabilities	61.74	56.68
Interest accrued but not due on debentures/loans	59.47	80.49
	752.10	752.49

\* Names of small scale industrial undertakings to whom any amount was outstanding for more than 30 days are as under:

- 1) EMC Electronik
- 2) NU Fibro Tech
- 3) Testing & Control Engineering

### SCHEDULE 13

#### PROVISIONS

Retirement Benefits	37.18	26.96
Proposed Dividend	128.34	91.67
Corporate Dividend Tax	16.44	11.75
Provision for Taxation (Net of Advance Tax)	12.31	—
	194.27	130.38

### SCHEDULE 14

#### INTEREST AND DIVIDEND INCOME

i) On Investments		
Interest (Gross) on :		
a) Government and other Securities	0.16	0.34
Dividend (Gross) from :		
a) Trade Investments	4.32	10.46
b) Subsidiary Investments (Rs.375, Previous Year Rs. Nil)		—
c) Other Investments	82.00	24.41
ii) Others : Interest (Gross) on:		
Bank and Other Accounts (Tax deducted at source Rs.2.42 Crores, Previous Year Rs.0.55 Crores)	55.12	39.33
	141.60	74.54



## SCHEDULES

		Rs.in Crores Previous Year
<b>SCHEDULE 15</b>		
<b>OTHER INCOME</b>		
Export Incentives	6.27	6.98
Rent Received (Tax deducted at source Rs.0.11 Crore, Previous Year Rs.0.07 Crore)	1.51	1.93
Lease Rent	4.04	4.03
Processing Charges (Tax deducted at source Rs.0.23 Crore, Previous Year Rs.0.11 Crore)	8.47	4.41
Insurance Claims	3.40	4.90
Profit on Sale of Current Investments (Net)	1.79	6.37
Profit on Sale of Long Term Investments (Net)	2.76	-
Excess Provisions written back (Net)	12.99	17.20
Prior period Adjustments (Net)	1.66	1.00
Exchange Rate Difference ( Net )	4.66	0.14
Miscellaneous Receipts	11.25	11.48
	<u>58.80</u>	<u>58.44</u>

## SCHEDULE 16

### INCREASE / (DECREASE) IN STOCKS

<b>Closing Stock</b>		
Finished Goods	100.03	129.61
By-Products	1.79	7.33
Process Stock	53.75	51.20
Waste/Scrap	1.17	1.45
	<u>156.74</u>	<u>189.59</u>
<b>Opening Stock</b>		
Finished Goods	129.61	163.61
By-Products	7.33	1.98
Process Stock	51.20	39.07
Waste/Scrap	1.45	1.63
	<u>189.59</u>	<u>206.29</u>
Add: Increase / (Decrease) in Excise Duty on Stocks	8.54	2.95
Increase / (Decrease) in Stocks	<u>(24.31)</u>	<u>(13.75)</u>

## SCHEDULE 17

### RAW MATERIALS CONSUMED

Opening Stock	152.14	146.95
Purchases and Incidental Expenses (includes cost of Lime Stone raised)	<u>1,349.55</u>	<u>1,196.63</u>
	1,501.69	1,343.58
Less:		
Sales	4.06	15.53
Closing Stock	<u>125.14</u>	<u>152.14</u>
	129.20	167.67
	<u>1,372.49</u>	<u>1,175.91</u>

## SCHEDULES

Rs.in Crores  
Previous  
Year

### SCHEDULE 18

#### MANUFACTURING EXPENSES

Consumption of Stores, Spare Parts and Components, Packing Materials and Incidental Expenses - Less sales		
Rs.0.21 Crore (Previous year Rs.0.36 Crore)	318.99	290.46
Power & Fuel	889.01	855.53
Processing Charges	25.93	27.61
Repairs to Buildings	17.33	20.42
Repairs to Machinery (excluding Spare Parts and Components)	46.04	38.30
Repairs to Other Assets	9.37	12.49
	<u>1,306.67</u>	<u>1,244.81</u>

### SCHEDULE 19

#### PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

Salaries, Wages & Bonus, etc.	292.26	268.33
Contribution to Provident and Other Funds	26.58	25.21
Welfare Expenses	40.06	38.70
	<u>358.90</u>	<u>332.24</u>

### SCHEDULE 20

#### SELLING, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES

Commission to Selling Agents	30.92	28.96
Brokerage and Discount	13.41	10.57
Freight, handling and other expenses	526.11	508.68
Advertisements & Publicity	79.41	78.18
Insurance	18.93	18.59
Rent (including Lease Rent)	8.39	8.12
Rates and Taxes	15.12	13.85
Stationery, Printing, Postage and Telephone Expenses	16.47	16.99
Travelling and Conveyance	27.48	26.08
Legal and Professional charges	16.37	14.36
Bad debts written off	4.14	8.73
Research contribution (including Expenses)	1.31	1.23
Donations (including Rs. 1.15 Crores, Previous Year Rs. 0.15 Crores paid to General	4.05	2.52
Electoral Trust for contribution for political purposes)		
Directors' Fee	0.03	0.04
Directors' Commission	1.50	1.50
Exchange Rate difference (Net)	—	0.84
Loss on Sale and/or discard of Fixed Assets (Net)	0.90	9.52
Miscellaneous Expenses	60.92	70.34
	<u>825.46</u>	<u>819.10</u>

# SCHEDULES

Rs.in Crores  
Previous  
Year

## SCHEDULE 21

### INTEREST

On Fixed Loans and Debentures	136.03	150.03
On Other Accounts	17.85	18.38
	<u>153.88</u>	<u>168.41</u>

## SCHEDULE 22

### ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### A Significant Accounting Policies:

##### 1. Accounting Concepts:

The financial statements are prepared under the historical cost convention (except for certain fixed assets which are revalued) on an accrual basis and in accordance with the applicable mandatory Accounting Standards.

##### 2. Fixed Assets:

Fixed assets are stated at cost (including other expenses related to acquisition and installation) adjusted by revaluation of certain fixed assets.

##### 3. Translation of foreign currency items:

Foreign currency assets and liabilities covered by forward contracts are stated at the forward contract rates while those not covered are restated at year end rate. Exchange differences relating to fixed assets are adjusted in the cost of the asset. Any other exchange difference is dealt with in the profit and loss account. Premium in respect of forward contracts is recognised over the life of contracts.

##### 4. Treatment of expenditure during construction period:

Expenditure during construction period is included under Capital Work in Progress and the same is allocated to the respective Fixed Assets on the completion of its construction.

##### 5. Investments:

Current investments are stated at lower of cost and fair value. Long term investments are stated at cost after deducting provisions made for permanent diminution in the value.

##### 6. Inventories:

Inventories are valued at the lower of cost and net realisable value except waste/scrap which is valued at net realisable value.

The cost is computed on weighted average/FIFO basis.

Finished goods and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Obsolete, defective and unserviceable stocks are duly provided for.

##### 7. Research and development expenditure:

Revenue expenditure is charged to the profit and loss account and capital expenditure is added to the cost of fixed assets in the year in which it is incurred.

##### 8. Depreciation:

Depreciation is charged in the Accounts on the following basis:

- On fixed assets (other than Revalued Assets) - on written down value method in respect of Viscose Staple Fibre Division and Engineering Division at Nagda; Bhiwani Textiles Mills at Bhiwani, Birla International Marketing Corporation, and

on Straight Line Method in other Divisions including Power Plants at Nagda applying the rates of Schedule XIV of the Companies Act, 1956.

Continuous process plant as defined in Schedule XIV has been taken on technical assessment.

- In respect of Revalued Fixed Assets, on straight line method on the gross value of assets as increased by the amount of revaluation at lower rates, based on life of assets, as ascertained by the valuers.
- In respect of the amounts capitalised during the year on account of foreign exchange fluctuation is provided prospectively over the residual life of the assets.
- In respect of assets added/disposed of during the year on pro-rata basis with reference to the month of addition/ deduction except in case of new projects where it is provided for the period of use.
- Leasehold land is being amortised over the period of lease.
- Capital expenditure on assets not owned by the company is amortised over a period of five years.

## SCHEDULES

### SCHEDULE 22 (Contd.)

**9. Retirement Benefits:**

The Company makes regular contribution to provident fund and superannuation fund and these contributions are charged to Profit & Loss Account. Contributions to the Gratuity Fund and provision for leave encashment are made on the basis of actuarial valuation and charged to Profit & Loss Account.

**10. Government Grants:**

Capital grants relating to specific assets are reduced from the gross value of the Fixed Assets and capital grants for Project Capital Subsidy are credited to Capital Reserve.

Other revenue grants are credited to Profit and Loss account or deducted from the related expenses.

**11. Borrowing Cost:**

Interest and other costs in connection with the borrowing of the funds to the extent related/attributed to the acquisition/construction of qualifying fixed assets are capitalised upto the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account.

**12. Provision for Current and Deferred Tax:**

Provision for Current Tax is made on the basis of estimated taxable income for the current accounting period and in accordance with the provisions as per Income Tax Act, 1961.

Deferred Tax resulting from "timing difference" between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future.

**13. Contingent Liabilities:**

Contingent liabilities are not provided for and are disclosed by way of Notes.

		Rs.in Crores	
		Previous	Year
<b>B NOTES ON ACCOUNTS</b>			
1.1	Contingent Liabilities not provided for in respect of :		
a)	Claims not acknowledged as debts (Net of tax Rs. 112.50 Crores, Previous Year Rs. 126.45 Crores)	175.50	189.30
b)	Uncalled liability on partly paid shares (Rs.7500, Previous year Rs. 7500)		
c)	Custom duty which may arise if obligation for exports is not fulfilled against import of raw materials and machinery (Net of tax Rs. 0.71 Crores, Previous year Rs. 2.77 Crores)	1.10	4.32
d)	Custom duty on import of technical know-how and other services relating to projects against which Bank Guarantee/Bond of Rs. 5.68 Crores (Previous Year Rs. 5.68 Crores) is furnished	10.81	10.81
1.2	Letter of Undertaking cum Indemnity given to Bank/ FI for Preference Shares issued/ finance provided by/ to other company.	65.34	55.00
2	The Ministry of Textiles, vide its orders dated 30th June 1997 and 1st July, 1999 has deleted cement from the list of commodities to be packed in Jute bags under the Jute Packaging (Compulsory Use in Packing Commodities) Act 1987. In view of this, the company does not expect any liability for non-despatch of cement in Jute bags in respect of earlier years.		
3	Estimated amount of Contracts remaining to be executed on capital account and not provided (advance paid Rs.20.30 Crores, Previous year Rs. 12.73 Crores).	93.86	70.33
4	Value of Assets taken on Lease	0.08	12.65
	Future obligation of Lease Rent as Lessee	0.01	—
5	Land, Building and Plant & Machinery of some of the Units were revalued on 1.4.1974, 1.4.1980, 1.4.1982 and 1.4.1985 by approved valuers on the basis of assessment about the current value of the similar assets. As a result, book value of such assets was increased by Rs. 116.40 Crores which had been transferred to Capital Reserve.		

## SCHEDULES

### SCHEDULE 22 (Contd.)

- 6 The Company has sold 5528289 shares of Indo Gulf Fertilisers Limited ( Indo-Gulf ) , being its entire holding in Indo-Gulf . The Company has earned a 'Profit on sale of Trade Investments' of Rs.28.89 Crores, which has been accounted for and shown as exceptional item.
- 7 As it is not possible to ascertain with reasonable certainty the quantum of accruals in respect of certain insurance and railway claims, export incentives and interest on overdue bills from customers, the same are accounted on acceptance basis.
- 8 Advances recoverable in cash or in kind include
  - a) Payments made to / on behalf of Rosa Power Supply Co. Ltd. Rs. 1.05 Crores (Previous year Rs.1.05 Crores) and Payments made to / on behalf of Bina Power Supply Co. Ltd. Rs.14.34 Crores (Previous year Rs.14.34 Crores) which are intended to be adjusted against the value of the Equity Shares to be issued by such Co-promoted Companies in the event of relative projects are implemented after procuring all regulatory approvals.
  - b) Payments made to employees by way of Loans and Advances in the nature of loan where there is :—

		Rs. in Crores	
		Outstanding as on 31-03-04	Maximum Balance outstanding during the year
i)	No Interest or Interest below Section 372A of Companies Act	6.41	9.61
9	As a part of the proposal for demerger of Cement Business of Larsen & Toubro Ltd (L&T) to UltraTech CemCo Limited (CemCo), the Company has entered into an agreement to acquire 8.5% equity stake in CemCo from L&T and proposes to make an Open Offer for purchase of an additional 30% of the equity of CemCo. Post Demerger, Company also proposes to sell its entire holding in L&T (Demerged Company) to L&T Employees Welfare Foundation. The H'ble High Court, Mumbai has approved the Scheme of arrangement u/s 391 and 394 of the Companies Act, 1956, on 22nd April 2004. The Company has to date deposited an aggregate sum of Rs.1279 Crs [A sum of Rs.128 Crs in December 2003 and the balance sum of Rs.1151 Crs in April 2004] equivalent to the Gross Consideration for the proposed Open offer in an Escrow Account with scheduled commercial bank. The completion of the demerger process and the acquisition/sale of shares as aforesaid is subject to compliance with certain statutory/ regulatory provisions, and the process in that respect has already been initiated.		
10	The Company has made an investment of Rs. 56.37 Crs in the share capital of Shree Digvijay Cement Company Limited (SDCC), a subsidiary company. The Company has also advanced Rs. 68.19 Crs by way of inter corporate deposit and debentures. The company has also placed a deposit of Rs. 8.42 Crs with a lender of SDCC as collateral in respect of its due from SDCC. SDCC is a sick industrial company within the meaning of sec. 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 and a scheme for its rehabilitation is under consideration. This is a long term strategic investment, and, in opinion of the management, no provision is required to be made for diminution (if any) in the value of the investment/advances.		
11	The Following are included under other heads of expenses in the Profit and Loss account :		Rs. in Crores
			Previous Year
i)	Stores and Spares Consumed	32.14	23.98
ii)	Power & Fuel	11.76	9.51
iii)	Repairs to Machinery	6.61	6.67
iv)	Repairs to Buildings	0.04	0.09
v)	Repairs to Other Assets	0.03	0.12
vi)	Salaries, Wages, Bonus & Gratuity	6.95	6.49
vii)	Contribution to Provident and Other Funds	0.66	0.50
viii)	Welfare Expenses	1.45	1.12
ix)	Insurance	1.59	1.01
x)	Hire Charges	—	0.47
xi)	Royalty & Cess	66.60	65.39
xii)	Rates & Taxes	17.81	11.64
xiii)	Ship Operation and Management charges	3.17	3.29
xiv)	Lease Rent	0.02	9.42

## SCHEDULES

### SCHEDULE 22 (Contd.)

		Rs. Previous Year
12 Auditors' remuneration		
a) Statutory Auditors:		
Audit Fee	2214000	1932000
Tax Audit Fee	356400	301350
For Certification and Other Work	873163	917175
Reimbursement of Expenses	620900	577107
b) Branch Auditors:		
Audit Fee	1080000	1024874
Tax Audit Fee	126360	97190
For Certification and Other Work	265120	174162
Reimbursement of Expenses	226009	140884
c) Cost Auditors:		
Audit Fee	324400	321668
For Certification and other work	8,100	—
Reimbursement of Expenses	47806	67280
13 Whole Time Director's remuneration :*		Rs.in Lacs
Salary	114.68	97.78
Contribution to Provident Fund & Other Funds	12.76	12.15
Perquisites	7.27	6.88
	<u>134.71</u>	<u>116.81</u>
* Appointment and Remuneration amounting to Rs. 45.52 Lacs is subject to Shareholder's Approval.		
* Excluding Contribution to Gratuity Fund.		
Commission to other directors other than whole-time directors	<u>150.00</u>	<u>150.00</u>
Computation of net profit in accordance with Section 198 of the Companies Act, 1956		
	Rs. in Crores	
Profit before taxation as per profit and loss account	1,077.26	
Add :		
Managerial Remuneration	1.35	
Directors' Fee	0.03	
Commission to other directors other than whole-time directors	1.50	
	<u>1,080.14</u>	
Less :		
Profit on Sale of Trade Investments ( Net )	28.89	
Profit on Sale of Long Term Investments ( Net )	2.76	
Profit on Sale of Current Investments (Net)	1.79	
	<u>33.44</u>	
Net Profit	<u>1,046.70</u>	
Commission		
— Amount	1.50	
— Percentage to net profit	0.14%	

## SCHEDULES

### SCHEDULE 22 (Contd.)

			Previous Year
14	Earnings per share:		
	Net profit for the period attributable to equity shareholder's	Rs. in Crores	779.26
	Weighted average number of equity shares outstanding	Numbers	91689485
	Basic and diluted earnings per share (face value of Rs.10 each)	Rs.	84.99
15	Deferred Tax Assets and Liabilities as on 31st March, 2004 are as under:		
	Deferred Tax Assets:		
	Accrued Expenses deductible on payment basis	39.43	33.00
	Expenses allowable in installments in Income Tax	9.99	10.75
	Others	4.44	1.39
		<u>53.86</u>	<u>45.14</u>
	<b>Deferred Tax Liability :</b>		
	Accumulated Depreciation	<u>686.36</u>	<u>670.64</u>
	<b>Net Deferred Tax Liability</b>	<b>632.50</b>	<b>625.50</b>

Deferred tax asset is recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be adjusted.

- 16 The Details of Company's Interest in its Joint Ventures , having Joint Control , is as under as per the requirements of AS-27 on Financial Reporting of Interest in Joint Ventures :

		Rs. in Crores.		
	Particulars	Idea Cellular Ltd.	Tanfac Industries Limited	AV Cell Inc., Canada
	% Share Held	7.57	9.98	16.67
a	Assets	281.12	9.69	34.91
b	Liabilities	218.09	5.16	18.97
c	Income	99.32	8.17	42.59
d	Expenses	118.21	7.81	43.98

### 17. Segment Reporting

#### a. Primary Segment Reporting (by business segment)

- 1 Segment have been identified in line with the Accounting Standard on Segment Reporting (AS 17), taking into account the organizational structure as well as the differential risk and returns of these segments. Details of products included in each of the segments are as under:-

Fibre & Pulp	—	Viscose Staple Fibre & Rayon Grade Pulp
Chemicals	—	Caustic Soda & Allied Chemicals
Cement	—	Grey & White Cement
Sponge Iron	—	Sponge Iron
Textiles	—	Fabrics & Yarn

- 2 Inter-segment transfers of independent marketable products are at market rates



# SCHEDULES

## SCHEDULE 22 (Contd.)

### 3 Information about Business Segments (For the Current Year 2003-2004):

								Rs. in Crores
	Fibre & Pulp	Chemicals	Cement	Sponge Iron	Textiles	Others	Eliminations	Total Company
<b>A REVENUE</b>								
1a Gross Sales (External)	1980.94	243.99	2923.50	734.45	247.04	0.03		6129.95
1b Gross Sales (Inter-segment)	52.27	95.84	1.07	—	0.14	—	(149.32)	—
<b>Total Gross Sales</b>	<b>2033.21</b>	<b>339.83</b>	<b>2924.57</b>	<b>734.45</b>	<b>247.18</b>	<b>0.03</b>	<b>(149.32)</b>	<b>6129.95</b>
2a Other Income	18.30	3.02	20.10	10.65	18.90	0.06		71.03
2b Unallocated Corporate Other Income								129.37
<b>Total Other Income</b>	<b>18.30</b>	<b>3.02</b>	<b>20.10</b>	<b>10.65</b>	<b>18.90</b>	<b>0.06</b>	<b>—</b>	<b>200.40</b>
<b>3 Total Revenue</b>	<b>2051.51</b>	<b>342.85</b>	<b>2944.67</b>	<b>745.10</b>	<b>266.08</b>	<b>0.09</b>	<b>(149.32)</b>	<b>6330.35</b>
<b>B RESULTS</b>								
1 Segment Result (PBIT)	520.36	58.37	295.66	219.21	(0.23)	(0.76)		1092.61
2 Unallocated Corporate Income / (Expenses)								109.64
3 Interest Expense								(153.88)
4 Profit from ordinary activities								1048.37
5 Exceptional Items:								
- Profit/ (Loss) on Sale of Trade Investments								28.89
6 Profit Before Tax								1077.26
7 Provision for Current Tax								(291.00)
8 Deferred Tax								(7.00)
9 Tax Provision of earlier year written back								—
10 Profit after Tax								779.26
<b>C OTHER INFORMATION :</b>								
1 Segment Assets	970.05	244.29	2453.77	520.95	149.80	3.98		4342.84
2 Unallocated Corporate Assets								2912.09
3 Total Assets								7254.93
4 Segment Liabilities	145.00	37.75	421.26	32.45	40.79	1.89		679.14
5 Unallocated Corporate Liabilities								2964.96
6 Total Liabilities								3644.10
7 Capital Expenditure	73.87	9.22	119.64	4.94	6.58			214.25
8 Depreciation	52.35	16.05	151.75	35.02	13.66	0.03		268.86
9 Non Cash Expenses other than Depreciation								0.00

## SCHEDULES

### SCHEDULE 22 (Contd.)

Information about Business Segments (For the previous year 2002-2003):

								Rs. in Crores
	Fibre & Pulp	Chemicals	Cement	Sponge Iron	Textiles	Others	Eliminations	Total Company
<b>A REVENUE</b>								
1a Gross Sales (External)	1860.73	222.79	2608.47	470.73	243.83	5.73		5412.28
1b Gross Sales (Inter-segment)	48.24	72.58	0.83	—	0.49	—	(122.14)	0.00
<b>Total Gross Sales</b>	<b>1908.97</b>	<b>295.37</b>	<b>2609.30</b>	<b>470.73</b>	<b>244.32</b>	<b>5.73</b>	<b>(122.14)</b>	<b>5412.28</b>
2a Other Income	9.05	1.90	29.99	8.77	15.21	0.82		65.74
2b Unallocated Corporate Other Income								67.24
<b>Total Other Income</b>	<b>9.05</b>	<b>1.90</b>	<b>29.99</b>	<b>8.77</b>	<b>15.21</b>	<b>0.82</b>	<b>—</b>	<b>132.98</b>
<b>3 Total Revenue</b>	<b>1918.02</b>	<b>297.27</b>	<b>2639.29</b>	<b>479.50</b>	<b>259.53</b>	<b>6.55</b>	<b>(122.14)</b>	<b>5545.26</b>
<b>B RESULTS</b>								
1 Segment Result (PBIT)	540.23	37.22	221.29	66.56	(22.57)	(4.08)		838.65
2 Unallocated Corporate Income / (Expenses)								42.96
3 Interest Expense								(168.41)
4 Profit from ordinary activities								713.20
5 Exceptional Items:								
— Profit/ (Loss) on Sale of Trade Investments								(208.62)
6 Profit Before Tax								504.58
7 Provision for Current Tax								(192.00)
8 Deferred Tax Written Back								15.00
9 Tax Provision of earlier year written back								40.00
10 Profit after Tax								367.58
<b>C OTHER INFORMATION :</b>								
1 Segment Assets	1009.75	247.00	2472.07	526.28	156.20	6.44		4417.74
2 Unallocated Corporate Assets								2144.01
3 Total Assets								6561.75
4 Segment Liabilities	159.18	36.25	384.38	28.52	46.86	3.00		658.19
5 Unallocated Corporate Liabilities								2926.25
6 Total Liabilities								3584.44
7 Capital Expenditure	42.34	13.07	204.03	0.92	9.26			269.62
8 Depreciation	47.74	15.90	138.20	37.01	13.76	0.05		252.66
9 Non Cash Expenses other than Depreciation								6.36

b. Secondary Segment Reporting (by geographic segment) - Being insignificant, hence not given.

## SCHEDULES

### SCHEDULE 22 (Contd.)

#### 18. Related Party Transactions :

- a. Parties where control exists -  
Subsidiaries:  
 Sun God Trading & Investment Ltd.  
 Samruddhi Swastik Trading & Investment Ltd.  
 Shree Digvijay Cement Co. Ltd.
- b. Other Related Parties with whom transactions have taken place during the year :  
Joint Ventures :  
 Idea Cellular Limited  
 AV Cell Inc. , Canada  
 TANFAC Industries Limited  
Key Management Personnel & Relatives  
 Shri Shailendra K. Jain, Manager / Whole Time Director  
Relatives of Shri Shailendra K. Jain  
 Smt. Niharika Jain, Wife  
 Shri Suvrat Jain, Son  
 Shri Devavrat Jain, Son
- c. Nature of Transaction

Rs. in Crores					
Particulars	Subsidiary	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Total
1. Sales & Services	8.52	0.05			8.57
	0.24	(38325)			0.24
2. Interest and other Income Received / Receivable	3.80	0.38	0.01	Nil	4.19
	7.30	Nil	Nil	(20265)	7.30
3. Purchases of goods / Payment for other services	1.38	86.95	1.21	0.04	89.58
	5.35	79.91	1.17	0.03	86.46
4. Interest Waiver	5.31				5.31
	Nil				Nil
5. Finance Provided	Nil	14.00*			14.00
	50.82	Nil			50.82
6. Repayment against Finance Provided	6.32				6.32
					Nil
7. Interest paid			0.01		0.01
			Nil		Nil
8. Sale of Fixed Assets	0.03				0.03
	Nil				Nil
9. Outstanding Balances as on 31st March :					
Investments (Debentures)	3.39				3.39
	Nil				Nil
Debtors		(24480)			(24480)
		(945)			(945)
Loans & Advances	100.69	Nil	0.23		100.92
	110.95	(2000)	0.20		111.15
Creditors	0.06	0.01		Nil	0.07
	0.01	Nil		(34000)	0.01
Unsecured Loan			0.10		0.10
			0.10		0.10
10. Guarantees and Collaterals	8.42	65.34			73.76
	Nil	Nil			Nil

Note : Previous Year's figures are given in Italics and include transactions with Manglore Refinery and Petrochemicals Ltd.(erstwhile Joint Venture) till 03.03.2003.

\* Converted Into Equity shares of Idea Cellular Ltd. during the year.

19. All the amounts in rupees have been rounded off to crores with lacs in decimals as approved under Section 211 (1) of the Companies Act, 1956. Figures of Rs.50,000 or less have been shown at actuals in brackets.
20. Previous year's figures have been regrouped and rearranged wherever necessary to conform to this year's classification.
21. Additional information required under Part II of Schedule VI to the Companies Act, 1956 (as certified by the Executives of the respective Divisions) is as per Schedule 23.

## SCHEDULES

### SCHEDULE 23

#### ADDITIONAL INFORMATION UNDER PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

##### 1. CAPACITY & PRODUCTION

Products	Unit	Licensed/ Registered * Capacity		Installed Capacity		Production # (Quantity)	
		2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
1. Viscose Staple Fibre/Polynosic/ HWM/ /Hi-Performance/ Speciality Fibre — At Nagda, Harihar & Kharach	Tonne	322100	322100	251850	220775	221005	224610
2. Sulphuric Acid (Captive & Intermediate Products) — At Nagda, Harihar & Kharach	Tonne	298070	298070	188970	188970	188023	183268
3. Carbon-di-Sulphide (Captive & Intermediate Products) — At Nagda, Harihar & Kharach	Tonne	67615	67615	42306	42306	40936	40628
4. Rayon Grade Pulp (At Harihar)	Tonne	72000	72000	70000	70000	55869	70495
5. Rayon Grade Caustic Soda	Tonne	198000	198000	190800	190800	157541	151445
6. Stable Bleaching Powder	Tonne	45000	45000	15000	15000	21839	19730
7. Man-Made Fibre Fabrics (At Gwalior & Bhiwani)	Mtr. (in 000's)	600	600	126	126	13395	11040
		Looms	Looms	Looms	Looms		
	Kg. (in 000's)					171	184
8. Man-Made Fibre Yarn (At Bhiwani & Malanpur)	Kg. (in 000's)	117500	117500	43488	43488	7208	8322
		Spindles	Spindles	Spindles	Spindles		
9. Cement At Jawad, Raipur, Shambhupura, Malkhed, Reddipalayam & Bathinda	Tonne	18354290	18154290	13115290	12915290	11848730	11088469
10. White Cement (At Khariakhargar)	Tonne	400000	400000	400000	400000	310578	310163
11. Industrial Machinery	Tonne	25000	25000	15950	15950	##	##
12. Poly Aluminium Chloride	Tonne	66000	66000	36000	36000	28028	22460
13. Chloro Sulphonic Acid	Tonne	49500	49500	16500	16500	15926	17309
14. Sponge Iron	Tonne	600000	600000	900000	900000	687272	612879

##### Notes:

- \* Registered capacities are those capacities for which registrations granted pursuant to the schemes of delicensing.
- The Installed Capacities are certified by the Management and accepted by the Auditors as correct, being a technical matter.
- # Includes third party processing
- Installed capacities indicated above include those vested in the Company consequent to the Scheme of arrangement. Necessary applications have been submitted to obtain endorsement in the name of the Company.
- ## Quantitative data can not be given as production represents fabrication, machining, etc. against individual tailor made orders.

# SCHEDULES

## SCHEDULE 23 (Contd.)

### 2. TURNOVER AND STOCKS

(Value Rs.in Crores)

Products	Unit	Turnover				Stock					
		2003-04		2002-03		As on 31.3.2004		As on 31.3.2003		As on 31.3.2002	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
1. Viscose Staple Fibre (At Nagda, Harihar & Kharach)	Tonne	223673	1854.72	222700	1751.85	3944	24.88	11043	62.38	14333	78.97
		5437*		5200*							
2. Rayon Grade Pulp (At Harihar)	Tonne	190	0.47	70.00	0.18	—	—	1384	2.10	1015	1.57
		57063*		70056*							
3. Rayon Grade Caustic Soda	Tonne	80360	107.10	77142	80.47	3745	4.25	3171	3.28	2551	2.63
		76607*		73683*							
4. Stable Bleaching Powder	Tonne	21970	22.56	19570	20.11	400	0.32	531	0.44	417	0.25
				46*							
5. Man-Made Fibre Fabrics (At Gwalior & Bhiwani)	Mtr. (in 000's)	14440	158.49	12206	138.09	2015	19.62	1602	16.45	2558	30.98
	Kg. (in 000's)	172		181		27		28		25	
6. Man-Made Fibre Yarns - At Bhiwani & Malanpur	Kg. (in 000's)	6720	87.35	7760	104.69	505	6.32	595	7.59	854	11.87
		578*		825*							
7. Industrial Machinery (At Nagda & Harihar)	Tonne		4.40		1.97		—		—		—
			13.18#		12.84#						
8. Poly Aluminium Chloride	Tonne	27430	17.16	21013	12.90	575	0.35	894	0.61	336	0.16
		917*		889*							
9. Chlorosulphonic Acid	Tonne	15939	7.43	17403	13.85	73	0.04	86	0.04	180	0.06
10. Cement (At Jawad, Raipur, Shambhupura, Malkhed & Bathinda)	Tonne	11665167	2498.81	10943931	2253.04	180322	29.10	172611	27.70	166484	25.74
		299110*	1.09#	211076*	1.85#						
11. White Cement (At Khariakhargar)	Tonne	314819	199.38	305223	198.40	4380	2.02	8621	3.86	3681	1.59
12. Sponge Iron	Tonne	676921	714.87	612425	453.18	18653	12.40	8302	4.79	7848	4.49
13. Trading Activities : Coffee, Rice, Oil, Sugar etc.			0.03		5.73		0.73		0.37		5.30
14. Others @			442.91		363.13						
			6115.68		5397.59						
			14.27#		14.69#						
			6129.95		5412.28		100.03		129.61		163.61

#### Notes:

- \* Inter-Divisional transfers
- # Inter-Divisional transfers to Fixed Assets at Cost
- @ Includes Service Income Rs.5.61 Crores (Previous Year Rs.4.60 Crores), Tax deducted at source Rs 0.26 Crore (Previous Year Rs.0.30 Crore).

## SCHEDULES

### SCHEDULE 23 (Contd.)

#### 3. RAW MATERIALS, STORES, SPARE PARTS AND COMPONENTS (Value Rs. in Crores)

	Unit	2003-04		2002-03	
		Quantity	Value	Quantity	Value
a) Raw Materials Consumed:					
Pulp Wood	Tonne	170399	43.90	214988	45.77
Dissolving Pulp	Tonne	166803	469.85	157298	416.00
		57056*		70031*	
Caustic Soda	Tonne	52202	57.86	56177	54.06
		72980*		70501*	
Sulphur	Tonne	97337	47.28	97120	35.51
Salt	Tonne	243941	19.17	236500	19.52
Hydrated Lime	Tonne	16677	3.94	15136	4.06
Man-made Fibre Yarn	Kg.(in 000's)	1974	25.17	2021	26.73
		577*		825*	
Cotton/ Man-made Fibres	Kg.(in 000's)	4471	26.21	4517	25.44
		5407*		5220*	
Lime Stone	Tonne	14660498	115.38	14422533	110.52
Steel Plates, Sheets etc.	Tonne	938	3.67	738	2.54
Natural Gas	SMQ ('000)	194297	59.65	202665	60.80
Naptha	Tonne	33302	49.09	12231	17.86
Propane	Tonne	1830	4.05	—	—
Iron Ore Pellets	Tonne	464863	112.66	352004	77.40
Iron Ore Lumps	Tonne	538576	91.70	500398	75.35
Others			242.91		204.35
			<u>1372.49</u>		<u>1175.91</u>
*Consumption of own Production					
b) Purchase of Finished Goods:					
Fabrics	Mtr.(in 000's)	1458	17.09	210	1.46
Cement	Tonne	123258	27.39	72665	15.93
Yarn	000 Kgs.			4	0.14
Enginnering Items			0.07		0.09
Viscose Staple Fibre	Tonnes	1006	5.92		
			<u>50.47</u>		<u>17.62</u>
c) Imports at CIF Value :					
Raw Materials			307.87		309.61
Finished Goods			5.92		—
Spare Parts, Components & Coal			62.34		81.23
Capital Goods			4.18		67.66

## SCHEDULES

### SCHEDULE 23 (Contd.)

d) Total Value of Raw Materials, Stores, Spare Parts and Components consumed:

	Raw Materials				(Value Rs.in Crores) Stores, Spare parts, Components etc.			
	2003-04		2002-03		2003-04		2002-03	
	Value	%	Value	%	Value	%	Value	%
Imported	374.76	27.31	330.41	28.10	38.24	10.89	40.51	12.88
Indigenous	997.73	72.69	845.50	71.90	312.89	89.11	273.93	87.12
	<u>1372.49</u>	<u>100.00</u>	<u>1175.91</u>	<u>100.00</u>	<u>351.13</u>	<u>100.00</u>	<u>314.44</u>	<u>100.00</u>

4. EXPENDITURE IN FOREIGN CURRENCY	2003-04	2002-03
i) Technical know-how and Services	0.68	0.14
ii) Professional and Consultancy Fees	2.19	1.23
iii) Interest and Commitment Charges on Foreign Currency Loans/Debentures	3.24	0.83
iv) Others	3.94	4.13
5. EARNINGS IN FOREIGN EXCHANGE:	2003-04	2002-03
i) Export of Goods - On F.O.B basis	153.96	112.51
ii) Technical Know-how & Service charges	0.24	0.30
iii) Interest and Dividend	3.39	2.55
iv) Others	1.97	0.29

6. DIVIDEND TO NON-RESIDENT SHAREHOLDERS :

	For 2002-03			For 2001-02		
	No. of Shareholders	Shares held	* Gross Amount of Dividends (Rs.in lacs)	No. of Shareholders	Shares held	* Gross Amount of Dividends (Rs.in lacs)
Equity	5863	29754546	<u>2975.45</u>	6110	24962991	<u>2246.67</u>

\* Includes Rs. 2971.98 Lacs ( Previous Year, Rs. 1839.74 Lacs) pertaining to Dividend Warrants of Non-Resident shareholders sent to their Bankers/Mandates in India.

#### Signatures to Schedules '1' to '23'

As per our separate report attached

For LODHA & Co.,  
Chartered Accountants

NARENDRA LODHA  
Partner

Mumbai  
Dated: 28th April 2004

For G. P. KAPADIA & Co.,  
Chartered Accountants

ATUL B. DESAI  
Partner

D. D. RATHI  
Group Executive President & CFO

ASHOK MALU  
Company Secretary

KUMAR MANGALAM BIRLA  
Chairman

RAJASHREE BIRLA  
M. L. APTE  
M. C. BAGRODIA  
B. V. BHARGAVA  
R. C. BHARGAVA  
Y. P. GUPTA  
S. G. SUBRAHMANYAN  
Directors

SHAILENDRA K. JAIN  
Whole-time Director



## ADDITIONAL INFORMATION UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

### Balance Sheet abstract and General Business Profile

#### 1 Registration Details

Registration No. 

1	0	-	0	0	4	1	0
---	---	---	---	---	---	---	---

State Code 

1	0
---	---

Balance Sheet Date 

3	1	-	0	3	-	0	4
---	---	---	---	---	---	---	---

#### 2 Capital raised during the year (Amount in Rs. Thousands)

Public Issue

					N	I	L
--	--	--	--	--	---	---	---

Rights Issue

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue

					N	I	L
--	--	--	--	--	---	---	---

Private Placement

					N	I	L
--	--	--	--	--	---	---	---

#### 3 Position of Mobilisation and Development of funds (Amount in Rs. Thousands)

Total Liabilities

7	2	5	4	9	4	1	3
---	---	---	---	---	---	---	---

Total Assets

7	2	5	4	9	4	1	3
---	---	---	---	---	---	---	---

Sources of Funds :

Paid up Capital

		9	1	6	8	9	5
--	--	---	---	---	---	---	---

Reserves & Surplus

3	5	1	9	1	5	3	8
---	---	---	---	---	---	---	---

Secured Loans

1	3	5	6	1	2	6	5
---	---	---	---	---	---	---	---

Unsecured Loans

	7	0	9	0	9	5	3
--	---	---	---	---	---	---	---

Application of Funds :

Net Fixed Assets

3	2	1	8	2	6	9	0
---	---	---	---	---	---	---	---

Investments

2	5	4	0	6	5	0	5
---	---	---	---	---	---	---	---

Net Current Assets

	6	9	4	4	2	8	8
--	---	---	---	---	---	---	---

Miscellaneous Expenditure

					N	I	L
--	--	--	--	--	---	---	---

Accumulated Losses

					N	I	L
--	--	--	--	--	---	---	---

#### 4 Performance of the Company (Amount in Rs. Thousands)

Turnover

6	1	2	9	9	5	1	4
---	---	---	---	---	---	---	---

Total Expenditure

5	0	5	2	6	8	7	0
---	---	---	---	---	---	---	---

+ - Profit / (Loss) before Tax

1	0	7	7	2	6	4	4
---	---	---	---	---	---	---	---

+ - Profit / (Loss) after Tax

+	7	7	9	2	6	4	4
---	---	---	---	---	---	---	---

Earnings per Share (Rs.)

			8	4	.	9	9
--	--	--	---	---	---	---	---

Dividend Rate (%)

		1	4	0	.	0	0
--	--	---	---	---	---	---	---

#### 5 Generic names of three principal products / services of the Company (As per monetary terms)

a) Item Code No.

5	5	0	4	1	0	-	0	0
---	---	---	---	---	---	---	---	---

Product Description

S	T	A	P	L	E		F	I	B	R	E								
---	---	---	---	---	---	--	---	---	---	---	---	--	--	--	--	--	--	--	--

b) Item Code No.

2	5	2	3	2	9	-	0	1
---	---	---	---	---	---	---	---	---

Product Description

G	R	E	Y		P	O	R	T	L	A	N	D		C	E	M	E	N	T				
---	---	---	---	--	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	--	--	--	--

c) Item Code No.

7	2	0	3	1	0	-	0	0
---	---	---	---	---	---	---	---	---

Product Description

S	P	O	N	G	E		I	R	O	N												
---	---	---	---	---	---	--	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--

KUMAR MANGALAM BIRLA  
Chairman

RAJASHREE BIRLA  
M. L. APTE

M. C. BAGRODIA

B. V. BHARGAVA

R. C. BHARGAVA

Y. P. GUPTA

S. G. SUBRAHMANYAN

Directors

SHAIENDRA K. JAIN

Whole-time Director

Mumbai

Dated : 28th April, 2004

ASHOK MALU

Company Secretary

D.D.RATHI

Group Executive President & CFO

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

	Current Year	Previous Year	Rs. in Crores
<b>A. Cash Flow from Operating Activities</b>			
a. Net profit before tax and exceptional item	1,048.37	713.20	
Adjustment for :			
Depreciation	273.06	254.14	
Provision for Diminution in Value of Investment		6.36	
Interest expenses	153.88	168.41	
Interest Income	(55.28)	(39.67)	
Dividend Income	(86.32)	(34.87)	
Profit/Loss on sale of Fixed Assets ( Net )	0.90	9.52	
Profit on sale of Long Term Investment ( Net )	(2.76)		
Profit on sale of Current Investments ( Net )	(1.79)	(6.37)	
b. Operating profit before working capital changes	1,330.06	1,070.72	
Adjustments for :			
Trade and other receivables	(64.28)	1.91	
Inventories	80.49	8.94	
Assets Held for Disposal	2.49	1.42	
Trade Payables	30.75	45.41	
c. Cash generated from Operations	1,379.51	1,128.40	
Direct Taxes Paid ( Net )	(210.28)	(160.39)	
<b>Net Cash from Operating Activities</b>	<b>1,169.23</b>		<b>968.01</b>
<b>B. Cash Flow from Investing Activities</b>			
Purchase of fixed assets	(231.24)	(299.16)	
Sale of fixed assets	5.65	33.47	
Purchase of Investments	(792.83)	(625.07)	
Sale of Investments	53.64	30.08	
Investments/Advances in Joint Ventures, Subsidiaries & Others	24.74	(46.52)	
Net Proceeds from sale of Current Investments	1.79	6.37	
Interest received	55.28	39.68	
Dividend received	86.32	34.87	
<b>Net Cash from / (used in) investing activities</b>	<b>(796.65)</b>		<b>(826.28)</b>
<b>C. Cash Flow from Financing Activities</b>			
Proceeds from borrowings	410.50	597.14	
Repayments of borrowings	(388.73)	(516.61)	
Interest paid	(173.66)	(177.74)	
Dividends paid	(91.57)	(82.73)	
Corporate dividend tax	(11.75)	—	
<b>Net Cash from / (used in) financing activities</b>	<b>(255.21)</b>		<b>(179.94)</b>
<b>D. Net increase/(Decrease) in Cash and Cash equivalent</b>	<b>117.37</b>		<b>(38.21)</b>
Cash and Cash equivalent at beginning of the year	110.11		148.32
Cash and Cash equivalent at end of the year	227.48		110.11
(Cash and cash equivalent represent Cash and Bank balances)			

Note :

1 Previous year figures have been regrouped/recast wherever necessary

As per our separate report attached

For LODHA & Co.,  
Chartered Accountants

NARENDRA LODHA  
Partner

Mumbai  
Dated: 28th April 2004

For G. P. KAPADIA & Co.,  
Chartered Accountants

ATUL B. DESAI  
Partner

D. D. RATHI  
Group Executive President & CFO

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R. C. BHARGAVA  
Y. P. GUPTA

S. G. SUBRAHMANYAN  
Directors  
SHAILENDRA K. JAIN  
Whole-time Director

## Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

Name of the Subsidiary Company	Shree Digvijay Cement Company Limited	Sun God Trading And Investments Limited	Samruddhi Swastik Trading And Investments Limited
1 Financial year of the Subsidiary ended on	30.9.2003	31.03.2004	31.03.2004
2 Holding Company's Interest			
i) Equity Shares of Rs.10 each			
a) Number of Shares Fully paid	4652870	49000	6500000
b) Extent of holding	62.42%	100%	100%
ii) 15% Redeemable Cumulative Preference Shares			
a) Number of Shares (Face Value Rs.100 each)			
Fully Paid up	-	100	100 #
# Partly paid up (Rs. 25 per share paid-up)			
b) Extent of holding	-	100%	100%
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
3 Net aggregate amount of Profit/(Losses) of the Subsidiary, so far as they concern members of Grasim Industries Limited			
i) For the Financial Year of Subsidiary			
a) Dealt with in the accounts of the Holding Company	NIL	NIL	NIL
b) Not dealt with in the accounts of the Holding Company	(2188.11)	-	172.59
ii) For the previous Financial years of the Subsidiary since it became the holding Company's Subsidiary			
a) Dealt with in the accounts of the Holding Company	NIL	NIL	NIL
b) Not dealt with in the accounts of the Holding Company	(10104.61)	(0.18)	93.67
4 As the Financial Year of the Subsidiary Companies coincide with the Financial Year of the Holding Company, Section 212(5) of the Companies Act, 1956, is not applicable.	*	N.A.	N.A.
* Changes in the interest of the Holding Company between the end of the subsidiary's financial year and 31st March, 2004 :			
Number of shares acquired	NIL		
Material changes between the end of the subsidiary's financial year and 31st March, 2004			
a) Fixed assets (net additions)	NIL		
b) Investments (Net)	NIL		
c) Moneys lent by the subsidiary	NIL		
d) Moneys borrowed by the subsidiary company other than for meeting current liabilities	NIL		

KUMAR MANGALAM BIRLA  
Chairman  
RAJASHREE BIRLA  
M. L. APTE  
M. C. BAGRODIA  
B. V. BHARGAVA  
R. C. BHARGAVA  
Y. P. GUPTA  
S. G. SUBRAHMANYAN  
Directors  
SHAIENDRA K. JAIN  
Whole-time Director

Mumbai  
Dated : 28th April, 2004

ASHOK MALU  
Company Secretary

D.D.RATHI  
Group Executive President & CFO

## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF GRASIM INDUSTRIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GRASIM INDUSTRIES LIMITED, ITS SUBSIDIARIES AND ITS INTERESTS IN JOINT VENTURES

We have examined the attached consolidated Balance Sheet of GRASIM INDUSTRIES LIMITED, its subsidiaries and its interests in joint ventures as at 31st March 2004, and the consolidated Profit and Loss Account and also the consolidated Cash Flow Statement for the year then ended.

1. These financial statements are the responsibility of the Grasim Industries Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. (a) The financial statements of the subsidiary Shree Digvijay Cement Company Limited, have been audited by Lodha & Co. whose financial statements reflect total assets of Rs.171.10 crores as at 31<sup>st</sup> March 2004 and total revenues of Rs.149.21 crores for the year then ended.  
(b) We did not audit the financial statements of other subsidiaries, whose financial statements reflect total assets of Rs.45.93 crores as at 31<sup>st</sup> March 2004 and total revenues of Rs.2.35 crores for the year then ended. These financial statements have been audited by respective auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.
3. (a) We did not audit the financial statements of joint venture AV Cell Inc, Canada, whose financial statements reflect total assets of Rs.209.49 crores as at 27<sup>th</sup> September 2003 and total revenues of Rs.254.84 crores for the year then ended. These financial statements have been audited by their auditors, whose reports have been furnished to us by the management, and our opinion, insofar as it relates to the amounts considered in respect of the joint venture, is based solely on the report of their auditors.  
(b) We did not audit the separate financial statements of other joint ventures Idea Cellular Limited and TANFAC Industries Limited, whose unaudited financial statements reflect total assets of Rs.3714.16 crores and Rs. 97.04 crores respectively as at 31<sup>st</sup> March 2004 and total revenues of Rs.1312.89 crores and Rs.81.82 crores respectively for the year then ended. The said financial statements, which were furnished to us by the management, were unaudited. We are unable to express an opinion on true and fair view insofar as it relates to the amounts considered in the consolidated financial statements in respect of the joint ventures for the reasons as stated above.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests In Joint Ventures, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Grasim Industries Limited, its subsidiaries and its joint ventures considered in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Grasim Industries Limited, its subsidiaries and joint ventures (including unaudited financial statements of two of joint ventures) included in the consolidated financial statements read together with Notes on Accounts of Consolidated Financial Statements, we are of the opinion that:

- (a) the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Grasim Industries Limited, its subsidiaries and its interests in joint ventures as at 31<sup>st</sup> March 2004;
- (b) the consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Grasim Industries Limited, its subsidiaries and its interests in joint ventures for the year then ended; and
- (c) the consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of Grasim Industries Limited, its subsidiaries and its interests in joint ventures for the year ended on that date.

For Lodha & Co.  
Chartered Accountants  
NARENDRA LODHA  
Partner

For G.P.Kapadia & Co.  
Chartered Accountants  
ATUL B. DESAI  
Partner

Place : Mumbai  
Dated : 28<sup>th</sup> April 2004

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedules	Grasim & Subsidiaries	Joint Ventures	Consolidated	(Rs. in Crores) Previous Year (Consolidated)
<b>SOURCES OF FUNDS</b>					
<b>Shareholders Funds</b>					
<b>Share Capital</b>	1				
Equity Share Capital		91.67	179.06	270.73	256.05
Proportionate consolidation eliminations				(179.06)	(164.38)
				91.67	91.67
Share Capital Suspense		0.02	—	0.02	0.02
Other Share Capital	2	—	42.20	42.20	41.92
Reserves and Surplus	3	3,364.67	(137.76)	3,226.91	2,638.98
Proportionate consolidation eliminations				1.32	0.64
				3,228.23	2,639.62
		3,456.36	83.50	3,362.12	2,773.23
Secured Loans	4	1,461.85	116.56	1,578.41	1,704.34
Unsecured Loans	5	739.02	73.85	812.87	667.93
Documentary Bills Discounted with Banks	6	28.34	—	28.34	36.00
		2,229.21	190.41	2,419.62	2,408.27
Deferred Tax Liabilities (Net)		633.00	0.73	633.73	626.50
<b>TOTAL</b>		<b>6,318.57</b>	<b>274.64</b>	<b>6,415.47</b>	<b>5,808.00</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	7	5,897.02	222.12	6,119.14	5,873.40
Less: Depreciation		2,681.15	65.76	2,746.91	2,464.61
Net Block		3,215.87	156.36	3,372.23	3,408.79
Intangible Assets - Entry / License Fees		—	72.38	72.38	75.86
Capital Work-in-Progress		79.09	7.44	86.53	92.51
		3,294.96	236.18	3,531.14	3,577.16
Fixed Assets held for Disposal		22.57	—	22.57	25.06
<b>Investments</b>	8	2,517.37	3.88	2,521.25	1,774.09
Proportionate consolidation eliminations				(178.89)	(164.89)
				2,342.36	1,609.20
<b>Goodwill</b>	9	87.08	32.82	119.90	118.90
Goodwill on proportionate consolidation of interest in joint ventures				1.15	1.15
				121.05	120.05
Deferred Tax Assets (Net)		29.10	2.43	31.53	34.96
<b>Current Assets, Loans and Advances</b>					
Inventories	10	483.35	11.40	494.75	579.02
Sundry Debtors	11	495.76	14.89	510.65	452.96
Cash and Bank Balances	12	229.93	14.17	244.10	120.38
Loans and Advances	13	235.24	9.95	245.19	327.56
		1,444.28	50.41	1,494.69	1,479.92
Less: <b>Current Liabilities and Provisions</b>					
Liabilities	14	881.52	50.59	932.11	907.67
Provisions	15	195.27	0.49	195.76	133.57
		1,076.79	51.08	1,127.87	1,041.24
<b>Net Current Assets</b>		<b>367.49</b>	<b>(0.67)</b>	<b>366.82</b>	<b>438.68</b>
<b>Miscellaneous Expenditure</b>	16	—	—	—	2.89
<b>TOTAL</b>		<b>6,318.57</b>	<b>274.64</b>	<b>6,415.47</b>	<b>5,808.00</b>
<b>Accounting Policies and Notes on Accounts</b>	25				

As per our separate report attached

KUMAR MANGALAM BIRLA  
Chairman

For LODHA & Co.,  
Chartered Accountants

For G. P. KAPADIA & Co.,  
Chartered Accountants

D. D. RATHI  
Group Executive President & CFO

NARENDRA LODHA  
Partner

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S. G. SUBRAHMANYAN  
Directors

Mumbai  
Dated: 28th April, 2004

ASHOK MALU  
Company Secretary

SHAIENDRA K. JAIN  
Whole-time Director

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2004

	Schedules	Grasim & Subsidiaries	Joint Ventures	Consolidated	(Rs. in Crores) Previous Year (Consolidated)
<b>INCOME</b>					
Sales ( Includes Services Revenue )		6,287.71	148.79	6,436.50	5,725.34
Less: Excise Duty		946.01	0.91	946.92	835.48
Net Sales (including Services Revenue)		5,341.70	147.88	5,489.58	4,889.86
Interest and Dividend Income	17	147.40	0.27	147.67	73.76
Other Income	18	69.77	0.95	70.72	65.34
Increase/ (Decrease) in Stocks	19	(25.61)	0.98	(24.63)	(17.06)
		<u>5,533.26</u>	<u>150.08</u>	<u>5,683.34</u>	<u>5,011.90</u>
<b>EXPENDITURE</b>					
Raw Materials Consumed	20	1,389.33	24.74	1,414.07	1,227.46
Manufacturing/ Operating Expenses	21	1,380.94	50.76	1,431.70	1,356.64
Purchases of Finished and Other Products		50.47	—	50.47	17.54
Payments to and Provisions for Employees	22	371.15	15.53	386.68	376.19
Selling, Distribution, Administration and Other Expenses	23	853.33	33.47	886.80	882.65
Interest	24	176.68	18.90	195.58	213.13
Depreciation		281.53	18.68	300.21	279.70
Amortization of Intangible Assets		—	5.85	5.85	5.28
Amortization of Miscellaneous Expenditure		—	2.02	2.02	2.30
		<u>4,503.43</u>	<u>169.95</u>	<u>4,673.38</u>	<u>4,360.89</u>
<b>Profit before Tax &amp; Exceptional items</b>		<b>1,029.83</b>	<b>(19.87)</b>	<b>1,009.96</b>	<b>651.01</b>
Profit/ (Loss) on Sale of Trade Investments		28.89	—	28.89	(208.62)
<b>Profit before Tax</b>		<b>1,058.72</b>	<b>(19.87)</b>	<b>1,038.85</b>	<b>442.39</b>
Provision for tax of earlier year written back		1.44	—	1.44	39.76
Provision for Current Tax		(291.07)	(0.13)	(291.20)	(192.22)
Deferred tax		(11.92)	1.09	(10.83)	29.25
<b>Profit after Tax</b>		<b>757.17</b>	<b>(18.91)</b>	<b>738.26</b>	<b>319.18</b>
<b>Less : Minority Interest</b>		<b>—</b>	<b>(1.01)</b>	<b>(1.01)</b>	<b>—</b>
<b>Net Profit</b>		<b>757.17</b>	<b>(19.92)</b>	<b>737.25</b>	<b>319.18</b>
Investment Allowance Reserve Written back		8.27	—	8.27	—
Debenture redemption reserve no longer required		42.04	—	42.04	212.11
Balance brought forward from Previous Year		821.61	(124.76)	696.85	719.51
<b>Profit available for Appropriation</b>		<b>1,629.09</b>	<b>(144.68)</b>	<b>1,484.41</b>	<b>1,250.80</b>
<b>Appropriations</b>					
Proposed Final Dividend		128.34	—	128.34	91.79
Corporate Dividend Tax		16.44	—	16.44	11.76
General Reserve		850.00	—	850.00	450.40
Balance carried to Balance Sheet		634.31	(144.68)	489.63	696.85
		<u>1,629.09</u>	<u>(144.68)</u>	<u>1,484.41</u>	<u>1,250.80</u>
<b>Basic and diluted earnings per share (in Rs.)</b>				<b>80.41</b>	<b>34.81</b>
<b>Accounting Policies and Notes on Accounts</b> 25					

As per our separate report attached

For LODHA & Co.,  
Chartered Accountants

For G. P. KAPADIA & Co.,  
Chartered Accountants

D. D. RATHI  
Group Executive President & CFO

NARENDRA LODHA  
Partner

ATUL B. DESAI  
Partner

Mumbai  
Dated: 28th April, 2004

ASHOK MALU  
Company Secretary

KUMAR MANGALAM BIRLA  
Chairman

RAJASHREE BIRLA

M. L. APTE

M. C. BAGRODIA

B. V. BHARGAVA

R. C. BHARGAVA

Y. P. GUPTA

S. G. SUBRAHMANYAN

Directors

SHAILENDRA K. JAIN

Whole-time Director

## SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	Grasim & Subsidiaries	Joint Ventures	Consolidated	(Rs.in Crores) Previous Year (Consolidated)
<b>SCHEDULE 1</b>				
<b>EQUITY SHARE CAPITAL</b>				
91671233 Equity Shares of Rs.10 each fully paid	91.67	179.06	270.73	256.05
Proportionate consolidation eliminations			(179.06)	(164.38)
			91.67	91.67
Share Capital Suspense	0.02	—	0.02	0.02
	91.69	179.06	91.69	91.69
<b>SCHEDULE 2</b>				
<b>OTHER SHARE CAPITAL</b>				
Class B Non Voting Shares of AV Cell Inc.	—	5.64	5.64	5.10
11% Red. Cum Non-Convertible Pref Shares of Rs. 100 lacs each of Idea Cellular Ltd.	—	36.56	36.56	28.40
Advance against Equity Share Capital at Idea Cellular Ltd.	—	—	—	8.42
	—	42.20	42.20	41.92
<b>SCHEDULE 3</b>				
<b>RESERVES AND SURPLUS</b>				
1. Capital Reserve				
- On Revaluation of Fixed Assets	5.31	—	5.31	6.27
- Capital Subsidy	2.40	0.03	2.43	2.43
2. Amalgamation Reserve	1.38	7.56	8.94	8.71
3. Preference Share Capital Redemption Reserve	1.83	—	1.83	1.83
4. Debenture Redemption Reserve	154.46	—	154.46	196.50
5. Share Premium Account	823.52	—	823.52	823.52
6. General Reserve	1,741.00	3.16	1,744.16	894.16
7. Investment Allowance Reserve	0.46	—	0.46	8.73
8. Foreign Currency translation reserve (on proportionate consolidation)	—	—	1.32	0.64
9. Surplus as per Profit and Loss Account	634.31	*(148.51)	485.80	696.83
*(Includes Rs. 3.83 Crores arising on account of change in ownership interest.)				
<b>Total</b>	<b>3,364.67</b>	<b>(137.76)</b>	<b>3,228.23</b>	<b>2,639.62</b>
<b>SCHEDULE 4</b>				
<b>SECURED LOANS</b>				
Non-Convertible Debentures	1,030.50	—	1,030.50	1,460.36
Interest accrued and due on above	1.29	—	1.29	—
Other Loans:				
Term Loans from Banks and Financial Institution				
Rupee Loans	80.00	95.65	175.65	96.55
Foreign Currency Loans	233.23	17.26	250.49	27.54
Term Loans from Others - Rupee Loans	—	1.05	1.05	2.34
Deferred Sales-tax Loan	21.03	—	21.03	26.02
Working Capital Borrowings from Banks	95.80	2.60	98.40	91.53
	1,461.85	116.56	1,578.41	1,704.34



## SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs.in Crores)  
 Grasim & Joint Ventures Consolidated Previous Year  
 Subsidiaries (Consolidated)

### SCHEDULE 5

#### UNSECURED LOANS

Fixed Deposits	0.31	—	0.31	0.84
Short Term Loans and Advances:				
From Banks:				
Commercial Paper	—	0.50	0.50	0.50
Buyers' Import Credit	243.10	—	243.10	136.05
Cash Credit Account with Overseas Banks	—	—	—	—
From Others :	28.42	0.08	28.50	44.42
	<u>271.52</u>	<u>0.58</u>	<u>272.10</u>	<u>180.97</u>
Other Loans and Advances:				
From Banks:	19.38	64.35	83.73	94.53
From Others:				
Deferred Sales tax Loan	446.30	0.03	446.33	382.66
Other Long Term Loans	—	8.89	8.89	8.03
Int Accrued & due on above	1.51	—	1.51	0.90
	<u>447.81</u>	<u>8.92</u>	<u>456.73</u>	<u>391.59</u>
	<u>467.19</u>	<u>73.27</u>	<u>540.46</u>	<u>486.12</u>
	<u>739.02</u>	<u>73.85</u>	<u>812.87</u>	<u>667.93</u>

### SCHEDULE 6

#### DOCUMENTARY BILLS DISCOUNTED WITH BANKS

Against Demand/ Usance Bills under Letter of Credit (Secured)	27.97	—	27.97	35.67
Against Usance Bills (Unsecured)	0.37	—	0.37	0.33
	<u>28.34</u>	<u>—</u>	<u>28.34</u>	<u>36.00</u>

### SCHEDULE 7

#### FIXED ASSETS

(Rs.in Crores)

SN	DESCRIPTION	GROSS BLOCK AS ON 31.03.2004			Previous Year	NET BLOCK AS ON 31.03.2004			Previous Year
		Grasim & Subsidiary	Joint Ventures	Consolidated		Grasim & Subsidiary	Joint Ventures	Consolidated	
1.	FREEHOLD LAND	71.59	0.32	71.91	70.33	71.59	0.32	71.91	70.33
2.	LEASEHOLD LAND	50.68	0.58	51.26	50.85	45.13	0.54	45.67	46.74
3.	BUILDINGS	501.05	5.79	506.84	487.96	399.87	4.44	404.31	397.47
4.	WORKERS' QUARTERS UNDER GOVERNMENT SUBSIDISED SCHEMES	0.55	—	0.55	0.55	0.07	—	0.07	0.08
5.	RAILWAY SIDINGS	107.48	—	107.48	104.42	72.87	—	72.87	74.74
6.	PLANT & MACHINERY	4896.71	207.27	5,103.98	4,890.49	2492.76	147.93	2,640.69	2,674.56
7.	SHIPS	64.12	—	64.12	64.12	38.04	—	38.04	41.25
8.	FURNITURE, FITTINGS & OFFICE EQUIPMENTS	155.93	6.54	162.47	158.72	63.84	2.33	66.17	71.31
9.	LIVESTOCK	0.01	—	0.01	0.01	0.01	—	0.01	0.01
10.	VEHICLES ETC.	48.90	1.62	50.52	45.95	31.69	0.80	32.49	32.30
	<b>TOTAL</b>	<b>5897.02</b>	<b>222.12</b>	<b>6119.14</b>	<b>5873.40</b>	<b>3215.87</b>	<b>156.36</b>	<b>3372.23</b>	<b>3408.79</b>
	CAPITAL WORK-IN-PROGRESS (including Advances & Pre-operative Expenses)					79.09	7.44	86.53	92.51
						<b>3,294.96</b>	<b>163.80</b>	<b>3,458.76</b>	<b>3,501.30</b>

## SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	Grasim & Subsidiaries	Joint Ventures	Consolidated	(Rs.in Crores) Previous Year (Consolidated)
<b>SCHEDULE 8</b>				
<b>INVESTMENTS</b>				
Investments in Government and Trust Securities	5.99	—	5.99	7.79
Investments in shares, debentures or bonds and others	2511.38	3.88	2,515.26	1766.30
	<u>2517.37</u>	<u>3.88</u>	<u>2,521.25</u>	<u>1774.09</u>
Proportionate consolidation eliminations			(178.89)	(164.89)
			<u>2,342.36</u>	<u>1609.20</u>
<b>SCHEDULE 9</b>				
<b>GOODWILL</b>				
Goodwill has been derived in accordance with AS-21 and AS-27 for which calculations are as under:				
a) In case of Investment in Subsidiaries:				
Carrying Cost of Investment	62.87		62.87	62.87
Less : Grasim's Share in Net Worth on acquisition	(24.21)		(24.21)	(24.21)
	<u>87.08</u>		<u>87.08</u>	<u>87.08</u>
b) Proportionate Interest in Goodwill of Joint-venture		32.82	32.82	31.82
c) In case of Investment in Joint Ventures:				
Carrying Cost of Investment			178.89	164.89
Less : Grasim's Share in Net Worth on acquisition			177.74	163.74
			<u>1.15</u>	<u>1.15</u>
<b>SCHEDULE 10</b>				
<b>INVENTORIES</b>				
Stores and Spare parts, Packing Materials and Fuels	190.51	2.13	192.64	216.57
Raw Materials	127.65	4.85	132.50	159.73
Finished Goods (including trading goods)	102.78	4.29	107.07	136.12
By Products	1.79	—	1.79	7.33
Process Stock	59.40	0.13	59.53	57.76
Waste/Scrap (at net realisable value)	1.22	—	1.22	1.51
	<u>483.35</u>	<u>11.40</u>	<u>494.75</u>	<u>579.02</u>
<b>SCHEDULE 11</b>				
<b>SUNDRY DEBTORS</b>				
Exceeding six months :				
Good and Secured	0.11	—	0.11	0.36
Good and Unsecured	20.77	1.19	21.96	35.96
Doubtful and Unsecured	7.55	9.39	16.94	14.19
	<u>28.43</u>	<u>10.58</u>	<u>39.01</u>	<u>50.51</u>
Less: Provision for Doubtful Debts	7.55	9.39	16.94	14.19
	<u>20.88</u>	<u>1.19</u>	<u>22.07</u>	<u>36.32</u>
Others				
Good and Secured	172.30	—	172.30	152.04
Good and Unsecured	302.58	13.70	316.28	264.60
Doubtful and Unsecured	—	0.36	0.36	1.01
	<u>474.88</u>	<u>14.06</u>	<u>488.94</u>	<u>417.65</u>
Less: Provision for Doubtful Debts	—	0.36	0.36	1.01
	<u>474.88</u>	<u>13.70</u>	<u>488.58</u>	<u>416.64</u>
	<u>495.76</u>	<u>14.89</u>	<u>510.65</u>	<u>452.96</u>

## SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	Grasim & Subsidiaries	Joint Ventures	Consolidated	(Rs.in Crores) Previous Year (Consolidated)
<b>SCHEDULE 12</b>				
<b>CASH AND BANK BALANCES</b>				
Cash balance on hand	9.52	0.71	10.23	5.90
Bank Balances:				
With Scheduled Banks:				
Current Accounts (including cheques under collection)	90.08	3.50	93.58	66.13
Saving Accounts	—	—	—	—
Deposit Accounts	2.30	9.96	12.26	48.30
	92.38	13.46	105.84	114.43
With Others	—	—	—	0.02
	92.38	13.46	105.84	114.45
In Government Treasury Saving Account	0.03	—	0.03	0.03
	101.93	14.17	116.10	120.38
Escrow Account with Scheduled Bank	128.00	—	128.00	—
	<u>229.93</u>	<u>14.17</u>	<u>244.10</u>	<u>120.38</u>

<b>SCHEDULE 13</b>				
<b>LOANS AND ADVANCES (Considered Good)</b>				
Secured Loans	—	—	—	0.09
Unsecured Loans-				
Deposits with Bodies Corporate	16.11	—	16.11	29.32
Deposits and Balances with Government and other Authorities (including accrued interest)	48.37	0.43	48.80	48.02
Other Deposits	30.11	3.69	33.80	32.56
Advances recoverable in cash or in kind or for value to be received	140.55	5.30	145.85	148.41
Advance Income tax (Net of Provisions)	0.10	0.53	0.63	69.16
	235.24	9.95	245.19	327.47
	<u>235.24</u>	<u>9.95</u>	<u>245.19</u>	<u>327.56</u>

<b>SCHEDULE 14</b>				
<b>CURRENT LIABILITIES</b>				
Sundry Creditors	583.54	24.64	608.18	610.37
Security and Other Deposits	111.13	3.27	114.40	105.67
Unclaimed Dividends	4.22	0.02	4.24	4.14
Other Liabilities	120.41	18.39	138.80	101.55
Bank Overdraft	—	3.21	3.21	1.80
Interest accrued but not due on debentures/ loans	62.22	1.06	63.28	84.14
	<u>881.52</u>	<u>50.59</u>	<u>932.11</u>	<u>907.67</u>

## SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	Grasim & Subsidiaries	Joint Ventures	Consolidated	(Rs.in Crores) Previous Year (Consolidated)
<b>SCHEDULE 15</b>				
<b>PROVISIONS</b>				
Retirement Benefits	38.14	0.17	38.31	30.02
Proposed Dividends	128.34	—	128.34	91.80
Corporate Dividend tax	16.44	—	16.44	11.75
Provision for Taxation (Net of Advance Tax)	12.35	0.32	12.67	—
	<u>195.27</u>	<u>0.49</u>	<u>195.76</u>	<u>133.57</u>

### SCHEDULE 16

#### MISCELLANEOUS EXPENDITURE

(To the extent not written-off or adjusted)

Preliminary expenses	—	—	—	0.27
Deferred Revenue Expenditure	—	—	—	2.62
	<u>—</u>	<u>—</u>	<u>—</u>	<u>2.89</u>

### SCHEDULE 17

#### INTEREST AND DIVIDEND INCOME

Interest (Gross) on :

a) Government and other Securities	0.16	—	0.16	0.34
Dividend (Gross)	87.96	0.01	87.97	34.87
Interest on Bank and Other Accounts	59.28	0.26	59.54	38.55
	<u>147.40</u>	<u>0.27</u>	<u>147.67</u>	<u>73.76</u>

### SCHEDULE 18

#### OTHER INCOME

Export Incentives	6.27	0.19	6.46	6.98
Rent Received	1.84	—	1.84	2.31
Lease Rent	4.04	—	4.04	4.03
Processing Charges	8.47	—	8.47	4.41
Insurance Claims	3.84	0.04	3.88	5.17
Profit on Sale of Current Investments	1.79	0.17	1.96	6.65
Profit on Sale of Long Term Investments	2.76	—	2.76	—
Excess/Short Provisions	16.22	0.12	16.34	20.35
Prior period adjustments	1.59	(0.04)	1.55	1.00
Exchange Rate Difference	4.99	0.36	5.35	0.14
Miscellaneous Receipts	17.96	0.11	18.07	14.30
	<u>69.77</u>	<u>0.95</u>	<u>70.72</u>	<u>65.34</u>

## SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	Grasim & Subsidiaries	Joint Ventures	Consolidated	(Rs.in Crores) Previous Year (Consolidated)
<b>SCHEDULE 19</b>				
<b>INCREASE / (DECREASE) IN STOCKS</b>				
<b>Closing Stock</b>				
Finished Goods	102.78	4.29	107.07	136.12
By-Products	1.79	—	1.79	7.33
Process Stock	59.40	0.13	59.53	57.76
Waste/Scrap	1.22	—	1.22	1.51
	<u>165.19</u>	<u>4.42</u>	<u>169.61</u>	<u>202.72</u>
<b>Opening Stock</b>				
Finished Goods	132.97	3.15	136.12	171.16
By-Products	7.33	—	7.33	1.98
Process Stock	57.66	0.10	57.76	47.79
Waste/Scrap	1.51	—	1.51	1.82
	<u>199.47</u>	<u>3.25</u>	<u>202.72</u>	<u>222.75</u>
Add: Increase/ (Decrease) in Excise Duty on Stock	8.67	(0.19)	8.48	2.95
Less : Capitalised / Diminution (IDEA)	—	—	—	(0.02)
	<u>190.80</u>	<u>3.44</u>	<u>194.24</u>	<u>219.78</u>
<b>Increase/ (Decrease) in Stocks</b>	<u><u>(25.61)</u></u>	<u><u>0.98</u></u>	<u><u>(24.63)</u></u>	<u><u>(17.06)</u></u>
<b>SCHEDULE 20</b>				
<b>RAW MATERIALS CONSUMED</b>				
Opening Stock	154.31	5.43	159.74	154.64
Purchases and Incidental Expenses	1,366.73	24.18	1,390.91	1,248.10
	<u>1,521.04</u>	<u>29.61</u>	<u>1,550.65</u>	<u>1,402.74</u>
Less:				
Sales	4.06	0.02	4.08	15.54
Closing Stock	127.65	4.85	132.50	159.74
	<u>131.71</u>	<u>4.87</u>	<u>136.58</u>	<u>175.28</u>
	<u><u>1,389.33</u></u>	<u><u>24.74</u></u>	<u><u>1,414.07</u></u>	<u><u>1,227.46</u></u>
<b>SCHEDULE 21</b>				
<b>MANUFACTURING / OPERATING EXPENSES</b>				
Consumption of Stores, Spare Parts and Components, Packing Materials and Incidental Expenses	333.08	5.08	338.16	309.76
Power & Fuel	946.12	5.97	952.09	916.19
Processing Charges	25.93	0.12	26.05	27.72
License Fees	—	9.42	9.42	7.02
Roaming Charges	—	4.46	4.46	2.48
Interconnect and other DoT charges	—	19.99	19.99	13.70
Repairs to Buildings	17.53	0.14	17.67	21.13
Repairs to Machinery (excluding Spare Parts and Components)	48.82	5.47	54.29	45.92
Repairs to Other Assets	9.46	0.11	9.57	12.72
	<u>1,380.94</u>	<u>50.76</u>	<u>1,431.70</u>	<u>1,356.64</u>
<b>SCHEDULE 22</b>				
<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>				
Salaries, Wages & Bonus, etc.	303.12	12.95	316.07	307.89
Contribution to Provident and Other Funds	27.50	0.76	28.26	27.15
Welfare Expenses	40.53	1.82	42.35	41.15
	<u>371.15</u>	<u>15.53</u>	<u>386.68</u>	<u>376.19</u>

## SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	Grasim & Subsidiaries	Joint Ventures	Consolidated	(Rs.in Crores) Previous Year (Consolidated)
<b>SCHEDULE 23</b>				
<b>SELLING, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES</b>				
Commission to Selling Agents	30.92	6.98	37.90	37.13
Brokerage and Discount	15.31	—	15.31	10.61
Freight, handling and other expenses	541.97	4.89	546.86	532.17
Advertisements	80.47	6.33	86.80	82.50
Insurance	19.70	0.69	20.39	20.26
Rent (including Lease Rent)	8.49	2.36	10.85	9.92
Rates and Taxes	15.21	0.48	15.69	15.51
Stationery, Printing, Postage and Telephone Expenses	17.00	0.83	17.83	18.65
Travelling and Conveyance	28.28	0.77	29.05	27.77
Legal and Professional charges	17.54	0.72	18.26	16.33
Bad debts written off	4.27	—	4.27	8.75
Provision for Doubtful Debts	1.29	1.62	2.91	4.40
Research contribution (including Expenses)	1.39	0.13	1.52	1.41
Donations	4.05	—	4.05	2.54
Directors' Fee and Commission	1.54	—	1.54	1.56
Exchange Rate difference	—	—	—	2.63
Prior period Adjustments	—	—	—	1.01
Loss on Sale and/or discard of Fixed Assets	3.50	0.20	3.70	11.65
Loss on Sale of Investment	—	—	—	0.02
Miscellaneous Expenses	62.40	7.47	69.87	77.83
	<u>853.33</u>	<u>33.47</u>	<u>886.80</u>	<u>882.65</u>

### SCHEDULE 24

#### INTEREST

On Fixed Loans and Debentures	143.57	18.75	162.32	181.06
On Other Accounts	33.11	0.15	33.26	32.07
	<u>176.68</u>	<u>18.90</u>	<u>195.58</u>	<u>213.13</u>

### SCHEDULE - 25

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

##### 1. Principles of Consolidation:

- (a) The Consolidated Financial Statements (CFS) comprise the financial statements of Grasim Industries Limited and its subsidiaries and its interest in Joint Ventures as on 31.03.2004, which are as under:

##### (I) Subsidiaries:

Name of the Company	Country of Incorporation	% Shareholding & Voting Power
Shree Digvijay Cement Company Limited (SDCC)	India	62.42
Samruddhi Swastik Trading and Investment Limited	India	100.00
Sun God Trading and Investment Limited	India	100.00

##### (II) Joint Ventures:

Name of the Company	Status	Country of Incorporation	Ownership Interest	Financial Statement as on
Tanfac Industries Limited	Unaudited	India	9.98	31.03.2004
Idea Cellular Limited	Unaudited (Consolidated)	India	7.57	31.03.2004
A V Cell Inc. @	Audited	Canada	16.67	27.09.2003

@ There are no significant transactions or other material events that occurred between the balance sheet dates of A V Cell Inc. and Grasim.

## SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

- (b) The consolidated financial statements have been prepared using uniform accounting policies, in accordance with the generally accepted accounting policies. However, In respect of Idea Cellular Limited, Cost of Rights and Licences including the fee paid on fixed basis prior to revenue share regime, is amortized on commencement of operations over the period of licence.
- (c) The effects of intra group transactions between Grasim & its subsidiaries are eliminated in consolidation.
2. The reporting financial year for SDCC is for 12 months ending 30th September. However, the financial statements for the year ended 31st March 2004 are made and audited and considered for consolidation.
  3. Accounting Policies and Notes on Accounts of the financial statement of the Company and all the subsidiaries are set out in their respective financial statement.
  4. The Ministry of Textiles, vide its orders dated 30th June 1997 and 1st July, 1999 has deleted cement from the list of commodities to be packed in Jute bags under the Jute Packaging (Compulsory Use in Packing Commodities) Act 1987. In view of this, the company does not expect any liability for non-despatch of cement in Jute bags in respect of earlier years.

5. **Contingent Liabilities:**

Rs. in Crores

	Grasim & Subsidiaries	Joint Ventures	Total	Previous Year
1. Claims not acknowledged as debts	179.75	3.38	183.13	201.83
2. Custom duty which may arise is obligation for export is not fulfilled against import of raw materials and machinery.	1.10	—	1.10	5.65
3. Outstanding Bank / Corporate Guarantees	1.19	4.99	6.18	8.62
4. Custom duty on import of technical know-how and other services relating to projects	10.81	—	10.81	10.81
5. Dividend on Cumulative Preference Shares	—	6.65	6.65	2.60

6. Estimated amount of Contracts remaining to be executed on capital account and not provided
 

93.99	11.34	105.33	76.38
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7. Letter of undertaking cum indemnity given to Bank/ FI for Preference Shares issued/ finance provided by/ to Idea Cellular Ltd. amounting to Rs. 65.34 Crores.
8. Demand raised by Gujarat Electricity Board (GEB) contested by the Company in Gujarat High Court Rs. 715.20 Lacs (previous year Rs.715.20 Lacs) including delayed payment charges. A sum of Rs. 715.20 Lacs (previous year Rs.715.20 Lacs) has been deposited with GEB under protest.

9. **Segment Reporting**

a. **Primary Segment Reporting (by business segment)**

Segment have been identified in line with the Accounting Standard on Segment Reporting (AS 17), taking into account the organizational structure as well as the differential risk and returns of these segments. Details of products included in each of the segments are as under:-

Fibre & Pulp	-	Viscose Staple Fibre & Rayon Grade Pulp
Chemicals	-	Caustic Soda & Allied Chemicals
Cement	-	Grey & White Cement
Sponge Iron	-	Sponge Iron
Textiles	-	Fabrics & Yarn
Others	-	Mainly Telecom

b. **Inter-segment transfers of independent marketable products are at market rates**

## SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### c. Information about Business Segments (For the Current Year 2003-2004):

								Rs. in Crores
	Fibre & Pulp	Chemicals	Cement	Sponge Iron	Textiles	Others	Elimination	Total Company
<b>A REVENUE</b>								
1a Gross Sales (External)	2,023.64	243.99	3,081.56	734.15	247.04	106.12	—	6,436.50
1b Gross Sales (Inter-segment)	52.27	95.84	1.34	0.30	0.14	—	(149.89)	—
<b>Total Gross Sales</b>	<b>2,075.91</b>	<b>339.83</b>	<b>3,082.90</b>	<b>734.45</b>	<b>247.18</b>	<b>106.12</b>	<b>(149.89)</b>	<b>6,436.50</b>
2a Other Income	17.83	3.02	33.20	10.65	18.90	3.91	—	87.51
2b Unallocated Corporate Other Income	—	—	—	—	—	—	—	130.88
<b>Total Other Income</b>	<b>17.83</b>	<b>3.02</b>	<b>33.20</b>	<b>10.65</b>	<b>18.90</b>	<b>3.91</b>	<b>—</b>	<b>218.39</b>
<b>3 Total Revenue</b>	<b>2,093.74</b>	<b>342.85</b>	<b>3,116.10</b>	<b>745.10</b>	<b>266.08</b>	<b>110.03</b>	<b>(149.89)</b>	<b>6,654.89</b>
<b>B RESULTS</b>								
1 Segment Result (PBIT)	518.29	58.37	297.90	219.21	(0.23)	2.36	—	1,095.90
2 Unallocated Corporate Income/ (Expenses)								109.64
3 Interest Expense								(195.58)
4 Profit from ordinary activities								1,009.96
5 <b>Exceptional Items:</b>								
- Profit/ (Loss) on Sale of Trade Investments								28.89
6 <b>Profit Before Tax</b>								1,038.85
7 Provision for Current Tax								(291.20)
8 Deferred Tax								(10.83)
9 Tax Provision of earlier year written back								1.44
10 <b>Profit after Tax</b>								738.26
<b>C OTHER INFORMATION :</b>								
1 Segment Assets	1,002.57	244.29	2,595.62	520.95	149.80	264.38	(0.15)	4,777.46
2 Unallocated Corporate Assets								2,765.88
3 <b>Total Assets</b>								7,543.34
4 Segment Liabilities	155.09	37.75	548.65	32.45	40.79	42.25	(0.15)	856.83
5 Unallocated Corporate Liabilities								3,324.39
6 <b>Total Liabilities</b>								4,181.22
7 Capital Expenditure	75.11	9.22	119.57	4.94	6.58	30.01	—	245.43
8 Depreciation	53.58	16.05	159.92	35.02	13.66	17.78	—	296.01
9 Non Cash Expenses other than Depreciation	—	—	—	—	—	7.87	—	7.87



## SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Information about Business Segments (For the Previous Year 2002-2003):

Rs. in Crores

	Fibre & Pulp	Chemicals	Cement	Sponge Iron	Textiles	Others	Eliminations	Total Company
<b>A REVENUE</b>								
1a Gross Sales (External)	1,904.95	222.79	2,800.34	470.64	243.83	82.79	—	5,725.34
1b Gross Sales (Inter-segment)	48.24	72.58	0.84	0.09	0.49	—	(122.24)	—
<b>Total Gross Sales</b>	<b>1,953.19</b>	<b>295.37</b>	<b>2,801.18</b>	<b>470.73</b>	<b>244.32</b>	<b>82.79</b>	<b>(122.24)</b>	<b>5,725.34</b>
2a Other Income	9.15	1.90	35.77	8.77	15.21	2.03	(0.19)	72.64
2b Unallocated Corporate Other Income	—	—	—	—	—	—	—	66.46
<b>Total Other Income</b>	<b>9.15</b>	<b>1.90</b>	<b>35.77</b>	<b>8.77</b>	<b>15.21</b>	<b>2.03</b>	<b>(0.19)</b>	<b>139.10</b>
<b>3 Total Revenue</b>	<b>1,962.34</b>	<b>297.27</b>	<b>2,836.95</b>	<b>479.50</b>	<b>259.53</b>	<b>84.82</b>	<b>(122.43)</b>	<b>5,864.44</b>
<b>B RESULTS</b>								
1 Segment Result (PBIT)	536.97	37.22	213.85	66.56	(22.57)	(3.74)	0.19	828.48
2 Unallocated Corporate Income/ (Expenses)								35.66
3 Interest Expense								(213.13)
4 Profit from ordinary activities								651.01
5 Exceptional Items:								
- Profit/ (Loss) on Sale of Trade Investments								(208.62)
6 Profit Before Tax								442.39
7 Provision for Current Tax								(192.22)
8 Deferred Tax Write Back								29.25
9 Tax Provision of earlier year written back								39.76
10 Profit after Tax								319.18
<b>C OTHER INFORMATION :</b>								
1 Segment Assets	1,036.74	247.00	2,632.05	526.28	156.20	246.80	—	4,845.07
2 Unallocated Corporate Assets								2,001.27
3 Total Assets								6,846.35
4 Segment Liabilities	163.59	36.25	505.47	28.52	46.86	32.22	—	812.91
5 Unallocated Corporate Liabilities								3,263.10
6 Total Liabilities								4,076.01
7 Capital Expenditure	42.76	13.07	204.87	0.92	9.26	50.30	—	321.18
8 Depreciation	48.62	15.90	147.26	37.01	13.76	15.67	—	278.22
9 Non Cash Expenses other than Depreciation	0.32	—	—	—	—	7.26	—	13.94

d. Secondary Segment Reporting (by geographic segment) - Being insignificant, hence not given.

## SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

10 Deferred Tax Assets and Liabilities as on 31st March, 2004 are as under:

	Grasim & subsidiaries	Joint Ventures	Consolidated	Rs. in Crores Previous Year
Deferred Tax Assets:				
Accrued Expenses deductible on payment basis	63.80	—	63.80	60.63
Expenses allowable in installments in Income Tax	14.17	—	14.17	14.39
Unabsorbed Losses	6.08	2.40	8.48	7.59
Unabsorbed Depreciation	9.61	—	9.61	12.12
Others	6.75	0.03	6.78	3.65
	<b>100.41</b>	<b>2.43</b>	<b>102.84</b>	<b>98.39</b>
Deferred Tax Liability :				
Accumulated Depreciation	704.31	0.73	705.04	689.93
Net Deferred Tax Liability	603.90	(1.70)	602.20	591.54

11. Related Party Transactions (of holding & subsidiary companies):

a. Related Parties with whom transactions have taken place during the year :

Joint Ventures :

Idea Cellular Limited

AV Cell Inc. , Canada

TANFAC Industries Limited

Key Management Personnel & Relatives:

Mr. Shailendra K. Jain, Whole Time Director, Grasim Industries Ltd.

Mr. S N Malpani, Manager, Shri Digvijay Cement Company Ltd.

Relatives of Shri Shailendra K.Jain:

Mrs. Niharika Jain, Wife

Mr. Suvrat Jain, Son

Mr. Devavrat Jain, Son

## SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### b. Nature of Transaction

Rs. in Crores

	Particulars	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Total
1.	Sales & Services	0.05 (38325)			0.05 (38325)
2.	Interest and other Income Received / Receivable	0.38 <i>Nil</i>	0.01 <i>Nil</i>	<i>Nil</i> (20265)	0.39 (20265)
3.	Purchases of goods / Payment for other services	86.95 79.91	1.27 1.23	0.04 0.03	88.26 81.17
4.	Finance Provided	*14.00 <i>Nil</i>			14.00 <i>Nil</i>
5.	Interest paid		0.01 <i>Nil</i>		0.01 <i>Nil</i>
6.	Outstanding Balances as on 31st March :				
	Debtors	(24480) (945)			(24480) (945)
	Loans & Advances	<i>Nil</i> (2000)	0.23 0.20		0.23 0.20
	Creditors	0.01 <i>Nil</i>		<i>Nil</i> (34000)	0.01 (34000)
	Unsecured Loan		0.10 0.10		0.10 0.10
7.	Guarantees and Collaterals	65.34 <i>Nil</i>			65.34 <i>Nil</i>

Notes – Previous Year's figures are given in Italics and include transactions with Manglore Refinery and Petrochemicals Ltd. (erstwhile Joint Venture) till 03.03.2003.

- Figures of Rs. 50000/- or less have been shown at actuals in brackets.
- \*Converted Into Equity shares of Idea Cellular Ltd. during the year.

12. Previous year's figures have been regrouped/ recasted wherever necessary to conform to this year's classification and Audited Consolidated Financial Statements of Idea Cellular Ltd. has been considered for the previous year.

As per our separate report attached

For LODHA & Co.,  
Chartered Accountants

NARENDRA LODHA  
Partner

Mumbai  
Dated: 28th April, 2004

For G. P. KAPADIA & Co.,  
Chartered Accountants

ATUL B. DESAI  
Partner

D. D. RATHI  
Group Executive President & CFO

ASHOK MALU  
Company Secretary

KUMAR MANGALAM BIRLA  
Chairman

RAJASHREE BIRLA  
M. L. APTE  
M. C. BAGRODIA  
B. V. BHARGAVA  
R. C. BHARGAVA  
Y. P. GUPTA  
S. G. SUBRAHMANYAN  
Directors

SHAIENDRA K. JAIN  
Whole-time Director

## Consolidated Cash Flow Statement for the year ended 31st March, 2004

	Grasim & subsidiaries	Joint Ventures	Consolidated	Rs. in Crores (Previous Year) Consolidated
<b>A. Cashflow from Operating Activities</b>				
a. Net profit before tax and exceptional item	1029.83	(19.87)	1009.96	650.97
Adjustment for :				
Depreciation/ Amortisation	281.53	26.55	308.08	287.28
Provision for Diminution in Value of Investment	—	—	—	6.36
Interest expenses	176.68	18.90	195.58	215.94
Interest Income	(59.44)	(0.26)	(59.70)	(32.83)
Dividend Income	(87.96)	(0.01)	(87.97)	(34.87)
Provision for Bad and Doubtful debts (Net)	1.29	1.62	2.91	0.96
Exchange Fluctuation on proportionate consolidation	—	0.47	0.47	—
(Profit)/ Loss on sale of Fixed Assets ( Net )	3.50	0.20	3.70	11.65
(Profit)/ Loss on sale of Long Term Investments ( Net )	(2.76)	—	(2.76)	—
(Profit)/ Loss on sale of Current Investments ( Net )	(1.79)	(0.17)	(1.96)	(6.53)
<b>b. Operating profit before working capital changes</b>	<b>1340.88</b>	<b>27.43</b>	<b>1368.31</b>	<b>1098.93</b>
Adjustments for :				
Trade and other receivables	(62.80)	(1.00)	(63.80)	8.44
Inventories	84.51	(0.24)	84.27	9.78
Assets Held for Disposal	2.49	—	2.49	1.42
Trade Payables	29.71	12.22	41.93	50.20
<b>c. Cash generated from Operations</b>	<b>1394.79</b>	<b>38.41</b>	<b>1433.20</b>	<b>1168.77</b>
Direct Taxes Paid ( Net )	(208.23)	(0.07)	(208.30)	(160.74)
<b>Net Cash from Operating Activities</b>	<b>1186.56</b>	<b>38.34</b>	<b>1224.90</b>	<b>1008.03</b>
<b>B. Cashflow from Investing Activities</b>				
Purchase of fixed assets	(232.33)	(30.56)	(262.89)	(350.41)
Sale of fixed assets	6.26	0.76	7.02	33.96
Purchase of investments	(792.84)	8.82	(784.02)	(666.76)
Sale of Investments	53.64	2.80	56.44	31.87
Deferred Revenue Expenditure	—	—	—	(2.88)
Investments/Advances in Joint Ventures, Subsidiaries & Others	18.42	—	18.42	5.95
Net Proceeds from sale of Current Investments	1.79	—	1.79	—
Gain on Sale of Long Term Investments	—	—	—	6.37
Interest received	59.44	0.96	60.40	39.99
Dividend received	87.96	0.02	87.98	35.05
<b>Net Cash from / (used in) investing activities</b>	<b>(797.66)</b>	<b>(17.20)</b>	<b>(814.86)</b>	<b>(866.86)</b>
<b>C. Cashflow from Financing Activities</b>				
Proceeds from issue of Share Capital	—	(6.28)	(6.28)	24.37
Capital Subsidy from Govt.	—	—	—	0.60
Proceeds from borrowings	410.50	51.13	461.63	634.35
Repayments of borrowings	(390.31)	(35.08)	(425.39)	(537.13)
Interest paid	(190.57)	(22.26)	(212.83)	(222.44)
Dividends paid	(91.57)	(0.13)	(91.70)	(82.83)
Corporate dividend tax	(11.75)	—	(11.75)	—
<b>Net Cash from / (used in) financing activities</b>	<b>(273.70)</b>	<b>(12.62)</b>	<b>(286.32)</b>	<b>(183.08)</b>
<b>D. Net increase/(Decrease) in Cash and Cash equivalent</b>	<b>115.20</b>	<b>8.52</b>	<b>123.72</b>	<b>(41.91)</b>
Cash and Cash equivalent at beginning of the year	114.73	5.65	120.38	162.29
Cash and Cash equivalent at end of the year	229.93	14.17	244.10	120.38
(Cash and cash equivalent represent Cash and Bank balances)				

Note : Previous year's figures have been regrouped/ recasted wherever necessary.

As per our separate report attached

KUMAR MANGALAM BIRLA  
Chairman

For LODHA & Co.,  
Chartered Accountants

For G. P. KAPADIA & Co.,  
Chartered Accountants

D. D. RATHI  
Group Executive President & CFO

NARENDRA LODHA  
Partner

ATUL B. DESAI  
Partner

RAJASHREE BIRLA  
M. L. APTE  
M. C. BAGRODIA  
B. V. BHARGAVA  
R. C. BHARGAVA  
Y. P. GUPTA  
S. G. SUBRAHMANYAN  
Directors

Mumbai  
Dated: 28th April, 2004

ASHOK MALU  
Company Secretary

SHAILENDRA K. JAIN  
Whole-time Director

# SHREE DIGVIJAY CEMENT COMPANY LIMITED

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

Your Directors present the 58<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 30<sup>th</sup> September 2003.

### FINANCIAL RESULTS:

	(Rs. In lacs)	
	Current year Ended 30.09.2003	Previous year Ended 30.09.2002
Gross Turnover	16811	22157
Operating Profit/(Loss)	(473)	1567
Other Income	1306	371
Profit Before Depreciation, Interest and Tax (PBDIT)	833	1938
Less: Interest	3472	3069
Cash (Loss)	(2639)	(1131)
Add: Depreciation	867	917
Net Operating (Loss) before extra ordinary items	(3506)	(2048)
<b>Extra ordinary items:</b>		
Add:		
Employees separation cost	(40)	(1263)
Net (Loss) before Tax	(3546)	(3311)
Less: Income Tax refund of earlier years	160	0
Add: Provision for Taxation for earlier years	24	0
Deferred Tax credit (net)	0	1171
(Loss) after Tax	(3410)	(2140)
Add: Balance brought forward from previous year	(16188)	(15801)
➤ Investment Allowance Reserve (utilized) no longer required transferred to Profit & Loss Account	0	15
➤ Deferred Tax Credit for earlier years on initial adoption	0	1738
LOSS CARRIED OVER	(19598)	(16188)

### REVIEW OF OPERATIONS:

The year under review was difficult. Cement demand in the State of Gujarat, which is the principal market of your Company, declined by over 5%. Commissioning of new capacities installed in the State led to a sharp fall in cement realizations, gravely affecting the financial performance of your Company.

Your Company maintained its efforts to reduce its costs, but these were unable to compensate for the fall in cement realizations and the reduced capacity utilization due to lower demand in the State of Gujarat.

### OTHER INCOME:

Other income rose by Rs. 935 lacs (from Rs. 371 lac to Rs. 1306 lac) during the year under review. This is mainly on account of interest of Rs. 241 lacs received from Income Tax department as tax refund and write back of Rs. 381 lacs of excess provision of interest on sales tax and electricity duty.

### PLANT PERFORMANCE:

Production and sale of clinker and cement during the year has been as under:

	(Qty. in lacs MT)	
	Current year Ended 30.09.2003	Previous year Ended 30.09.2002
<b>PRODUCTION:</b>		
Clinker	8.29	9.83
Cement	7.27	9.30
<b>SALES:</b>		
Clinker	1.82	0.97
Cement	7.31	9.31

While total production was lower in the year under review, due to lower demand, advantage was taken to upgrade the Plant and improve its production capability.

### EXPORT:

The Company had an aggregate pending Export Obligation (EO) of 0.85 lakh tonne (0.10 lakh tonne Clinker and 0.75 lakh tonne Cement) at the beginning of the year against duty free imports of coal and packing material.

During the year under review, your Company exported 1.82 lakh tonne of Clinker (as against 0.97 lakh tonne during previous year) registering a growth of 89.63%. The focus on export partially mitigated the impact of low domestic demand. Your Company also exported 0.07 lakh tonne of Cement (0.13 lakh tonne in the previous year). As a result, the combined export of Clinker and Cement was 1.89 lakh tonne, fulfilling its EO in totality in respect of quantity. On request, the appropriate authority has consented, in principle, to adjust excess Clinker export against shortfall in Cement EO, subject to fulfillment of certain conditions. Your Company is in the process to get the same regularized.

### BIFR REFERENCE:

The concessions offered so far by various stakeholders are inadequate for the revival

of the Company; and the rehabilitation package, to be submitted to BIFR, is under review by the Operating Agency.

### DIRECTORS:

Shri S.K.Maheshwari, who retires by rotation under Article 167 of the Articles of Association of the Company, being eligible, offers himself for re-appointment.

### AUDITORS:

Your Directors request you to appoint Auditors for the current financial year and fix-up their remuneration. M/s Lodha & Co., Chartered Accountants, New Delhi – the existing Auditors of the Company retiring at the ensuing Annual General Meeting are available for a fresh term and have furnished certificate of their eligibility for re-appointment.

### AUDITORS' REPORT:

The observations made in the Auditors' report are self explanatory and, therefore, do not call for any further comments u/s 217(3) of the Companies Act, 1956.

### PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956:

- The Company had no employee in the category specified under Section 217 (2A) of the Companies Act, 1956,
- Information relating to conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo, required under Section 217(1) (e) of the Companies Act, 1956 are annexed and forms part of this report.

### CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussions and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of Corporate Governance are made a part of the Annual Report.

As stipulated in Section 217((2AA) of the Companies Act, 1956, Directors subscribe to the "Directors Responsibility Statement" and confirm that:

- in preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- they have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis.

### SECTOR OUTLOOK:

The compound average growth over the past 5 years, in Gujarat, shows a decline in industry volume of 3%, compared to the All India growth of over 7%. This is a matter of grave concern, which is further aggravated by the substantial increase in the production capacity in the State. Good monsoons this year, and the State Government's efforts to attract investments in the State, offer prospects of gradual recovery in demand for cement.

### INTERNAL CONTROL SYSTEM:

The Company is committed to maintain high standard of internal control system. It has proper and adequate system of internal control to ensure that all assets are safeguarded and that transactions are made as per documented policies, guidelines and procedures. All operating parameters are monitored and controlled.

### HUMAN RESOURCES:

Your Company encourages and provides regular training to employees to improve skills. Your Company has performance appraisal system for senior employees and junior management staff. In-house newsletter provides forum for information sharing. Rewarding individuals for their contribution is part of motivation towards excellency.

### RISKS AND CONCERN:

Apart from sectoral issues identified earlier in this report, your Company is extremely reliant on a favourable BIFR package, which is an essential requirement for its recovery.

### CAUTIONARY STATEMENTS:

Forward-looking statements are based on certain assumptions and expectations of future events. Actual results may differ from those expressed or implied. Important factors that could influence the Company's operations include demand and supply conditions, availability of inputs and their prices both domestic and global, changes in government regulations, tax laws, monsoon, economic developments within the country and other factors.

### ACKNOWLEDGEMENT:

The Directors take this opportunity to express their appreciation for the support and co-operation received from the State and Central Government, the Financial Institutions, Lenders and Promoter Company. The Directors also recognize the commitment and dedication of the Company's employees.

On behalf of the Directors

**K. D. AGRAWAL**  
Chairman

Mumbai, 4<sup>th</sup> December, 2003

# SHREE DIGVIJAY CEMENT COMPANY LIMITED

Information Under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ending 30th September, 2003.

## Particulars

### (A) CONSERVATION OF ENERGY:

- |   |   |
|---|---|
| (a) Energy conservation measures taken  | <ol style="list-style-type: none"> <li>1. Identified low efficiency motors and same were replaced with high efficiency motors</li> <li>2. Auto start / stop of Kiln shell cooling fans. Stopped all shell cooling fans on one side</li> <li>3. Speed reduction of Cooler ID Fan from 67% to 55% by modification in SPRS and further reduced the impeller diameter by 100 mm.</li> <li>4. Power consumption reduction of Bag House Fan in KCP Mill from 425 KW to 200 KW by providing bigger size heat exchanger in Motor LRS for electrolyte cooling.</li> <li>5. Optimisation of speeds of all process fans after modification of inlet cones.</li> <li>6. Water spray system provided in pre-calciner down comer duct and preheater down comer duct.</li> <li>7. Optimisation of plant operation</li> </ol> |
| (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.                                 | <ol style="list-style-type: none"> <li>1. Fuel additives in DG Sets to increase DG yield.</li> <li>2. P 20 power saving panel for plant &amp; colony lighting.</li> <li>3. Optimisation software for Cement Mill.</li> <li>4. Water spray system for Cooler for clinker cooling &amp; gas cooling</li> <li>5. New generation high efficiency separator for UBE Raw Mill and Autox Coal Mill.</li> <li>6. Installation of Soft starter / VFD in various drivers.</li> <li>7. Increase in the size of TA duct, calciner vessel and kiln inlet riser duct.</li> </ol>  |
| (c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. | Reduction in electrical power consumption by around 5 units / tonne of cement and thermal energy consumption upto 10 K Cal / Kg of Clinker  |

### (B) TECHNOLOGY ABSORPTION:

#### Research & Development (R & D)

- |  |   |  |              |            |     |              |      |       |      |   |            |
|--|---|--|--------------|------------|-----|--------------|------|-------|------|---|------------|
| (a) Specific areas in which R & D carried out by the Company | <ol style="list-style-type: none"> <li>1. Company is associated with National Council for Cement &amp; Building Materials for research and development activities.</li> <li>2. In co-operation with Regional Training Centre, technical employees are being trained in various fields where latest technology is being taught and employees are trained to be utilized.</li> </ol>  |  |              |            |     |              |      |       |      |   |            |
| (b) Benefits derived as a result of the above R & D          | <ol style="list-style-type: none"> <li>1. Consistency in product quality and enhancement of product quality.</li> <li>2. Manufacturing of Special Cements as import substitutes.</li> <li>3. Motivation towards technical development among employees.</li> </ol>   |  |              |            |     |              |      |       |      |   |            |
| (c) Future plan of action                                    | <ol style="list-style-type: none"> <li>1. Further improvement in raw-meal design and quality of Clinker and Cement.</li> <li>2. Incorporation of pre-heater low pressure cyclone to reduce pressure drop and improve productivity.</li> <li>3. Replacement of Mechanical packers with Electronic Packers for better operation and increasing of output.</li> <li>4. Modification of material handling systems.</li> <li>5. ISO 14001 &amp; OHSAS 18001 implementation.</li> </ol> |  |              |            |     |              |      |       |      |   |            |
| (d) Expenditure on R & D                                     | <table border="0" style="width: 100%;"> <tr> <td></td> <td style="text-align: right;">(Rs in lacs)</td> </tr> <tr> <td>1. Capital</td> <td style="text-align: right;">NIL</td> </tr> <tr> <td>2. Recurring</td> <td style="text-align: right;">8.11</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">8.11</td> </tr> <tr> <td>3 Total R &amp; D expenditure as a percentage of total turnover</td> <td style="text-align: right;">Negligible</td> </tr> </table>     |  | (Rs in lacs) | 1. Capital | NIL | 2. Recurring | 8.11 | Total | 8.11 | 3 Total R & D expenditure as a percentage of total turnover | Negligible |
|  | (Rs in lacs)  |  |              |            |     |              |      |       |      |   |            |
| 1. Capital   | NIL   |  |              |            |     |              |      |       |      |   |            |
| 2. Recurring   | 8.11  |  |              |            |     |              |      |       |      |   |            |
| Total  | 8.11  |  |              |            |     |              |      |       |      |   |            |
| 3 Total R & D expenditure as a percentage of total turnover  | Negligible  |  |              |            |     |              |      |       |      |   |            |

#### Technology Absorption, Adaption & Innovation:

- |  |  |
|--|--|
| (a) Efforts in brief, made towards technology absorption and innovation  | <div style="border-left: 1px solid black; border-right: 1px solid black; height: 100px; width: 20px; margin: 0 auto;"></div> |
| (b) Benefits derived as a result of the above efforts e.g product improvement, cost reduction, product development, import substitution etc.   |  |
| (c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)  |  |
| Technology imported<br>Year of import<br>Has Technology been fully absorbed<br>If not fully absorbed areas where this has not taken place. The reason thereof, and future plans of action. |  |

Not Applicable

### (C) FOREIGN EXCHANGE EARNING AND OUTGO

- |   |  |        |              |          |                  |
|---|--|--------|--------------|----------|------------------|
| (a) Activities relating to export, initiatives taken to increase exports, development of new export markets for products and services and export plans: | Company's efforts are on to increase the level of exports. There is, however, a set-back due to crisis in south east economies.  |        |              |          |                  |
| (b) Total foreign exchange used and earned  | <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">1 Used</td> <td style="width: 50%;">Rs. 7.82lacs</td> </tr> <tr> <td>2 Earned</td> <td>Rs. 1862.14 lacs</td> </tr> </table> | 1 Used | Rs. 7.82lacs | 2 Earned | Rs. 1862.14 lacs |
| 1 Used  | Rs. 7.82lacs   |        |              |          |                  |
| 2 Earned  | Rs. 1862.14 lacs   |        |              |          |                  |

# SHREE DIGVIJAY CEMENT COMPANY LIMITED

## FORM "A"

Form for disclosure of particulars with respect to Conservation of Energy

		Current Year 2002-2003	Previous Year 2001-2002
<b>A) POWER &amp; FUEL CONSUMPTION:</b>			
1) Electricity:			
(a) Purchased:			
Units KWH	lac	NIL	NIL
Total Amount	Rs. Lacs	NIL	NIL
Rate per Unit	Rs.	NIL	NIL
(b) Own Generation:			
Through Diesel / Furnace Oil Genset			
Units KWH	lacs	917	1082
Units per Ltrs. of Diesel / Furnace Oil	Kwh	4.28	4.19
Cost per Unit	Rs.	3.45	2.86
2) Coal for Kilns (various grades)			
Quantity	In thousand Tonnes	113	134
Total Cost	Rs. in Lacs	2591	2740
Average Rate	Rs. Per tonne	2293.28	2045.80
3) HSD/Furnace Oil/LDO			
Quantity	K. Ltrs.	21398.34	25037.67
Total Cost	Rs. in Lacs	2277.29	2271.55
Average Rate	Rs./K Ltr.	10.64	9.07
<b>B) CONSUMPTION PER UNIT OF PRODUCTION:</b>			
	Standard (If any)	Current Year 2002-03	Previous Year 2001-02
a) Electricity/Kwh/Tonne of Cement			
Wet Process	120	116	101
Dry Process	120	102	103
b) Coal			
Cement (K.cal/kg. Clinker)			
Wet Process	1350-1450	1415	1402
Dry Process	800	791	791



# SHREE DIGVIJAY CEMENT COMPANY LIMITED

## AUDITORS' REPORT

### TO THE MEMBERS OF SHREE DIGVIJAY CEMENT COMPANY LIMITED :

We have audited the attached Balance Sheet of SHREE DIGVIJAY CEMENT COMPANY LIMITED as at 30<sup>th</sup> September, 2003 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that :-

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit ;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report is in agreement with the books of account ;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 ;
- (e) On the basis of information available to us and representations received from the Directors of the Company, all the Directors except nominee Director are disqualified from being appointed as Director in other public Limited Company under Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956. However as per the explanation given by the Management, the Company being a Sick Industrial Company registered with BIFR, and pending finalisation of revival scheme, the default under aforesaid Section is circumstantial and can not be viewed as default under said clause.
- (f) Attention is invited to:
  - i) Note No. 3 (a) & Note No. 9 regarding non-provision (amount unascertainable) against demand of Gujarat Electricity Board as stated in said notes.
  - ii) Note No. 5(a) regarding non-provision against penal interest and liquidated damages (amount unascertainable) as stated in the said note.
  - iii) Note No. 3 (d) regarding non provision for Custom duty and interest thereon (amount unascertainable) for duty free imports made in earlier years against pending export obligations as stated in the said note.
  - iv) Note No. 26 regarding pending balance confirmation and reconciliation of certain debtors, creditors, deposits, loans & advances, unclaimed debentures and interest thereon, secured and unsecured loans and banks (amount unascertainable) as stated in the said note.
  - v) Note No. 19 regarding the Management perception for accounting of Deferred Tax Assets (DTA).

We further report that the loss for the year and balance in Profit and Loss Account is without considering items mentioned in para (f)(i) to (f) (v) above, the effect of which could not be determined.

Subject to our comments in above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes appearing in Schedule of Significant Accounting Policies and Notes of Accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- i) In the case of the balance sheet, of the state of affairs of the Company as at 30<sup>th</sup> September, 2003.
- ii) In the case of the profit and loss account, of the loss for the year ended on that date and
- iii) In the case of cash flow statement, of the cash flows for the year ended on that date.
- (g) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we report that :
  - i) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets *except in respect of certain assets where such records are in process of updation*. As explained, the Company has a system of physical verification of its fixed assets by the management in a phased manner. According to the programme designed to cover all items over a period of three years, major fixed assets have been physically verified during the year. Discrepancies in respect of assets physically verified and to the extent ascertained by the management, as informed, are not material.
  - ii) None of the fixed assets have been revalued during the year.
  - iii) As explained to us, the stock of finished goods, stores & spares, trading goods and raw materials have been physically verified by the management during the year, except stock-in-transit and material lying with third parties.

- iv) According to the information given to us, the procedures of physical verification of stocks followed by the management are in our opinion reasonable and adequate in relation to the size of the Company and the nature of its business.
- v) The discrepancies noticed on physical verification of stocks as compared to book records were not material.
- vi) On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- vii) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
- viii) The Company has not granted any loans to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- ix) The Company has given loans and advances (including repayable on demand) in the nature of loans to its employees, employees societies and other parties, who are generally repaying the principal amount and interest, wherever applicable, as stipulated except in few cases where time limits are extended on merits.
- x) The Company invites tenders / quotations etc. in respect of purchases other than items which are of specialised nature and where the user departments show a preference for a particular brand, taking into consideration the quality, urgency and such other factors. In our opinion, the internal control procedure is, therefore, adequate and commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipments and other assets as also for the sale of goods.
- xi) The transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or agreements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000 or more in value in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials and services or the prices at which transactions for similar goods or services have been made with other parties.
- xii) The Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods and adequate provision for the loss in this respect has been made in the accounts.
- xiii) The Company has not accepted any deposits from public during the year in terms of provisions of Section 58A of the Companies Act, 1956 and the Rules framed thereunder.
- xiv) In our opinion, the Company is maintaining reasonable records for the sale and disposal of realisable scraps. We are informed that the Company has no realisable by-product.
- xv) The Company has an Internal Audit system commensurate with its size and nature of its business.
- xvi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records.
- xvii) According to the records of the Company, Provident Fund have generally been regularly deposited during the year with the appropriate authorities. As explained to us, Employees State Insurance is not applicable to the Company.
- xviii) As explained to us, there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty, which were outstanding as at 30.09.2003 for a period of more than six months from the date they became payable, *except Sales Tax and interest thereon amounting to Rs.4609.64 lacs (excluding Rs.536.64 lacs payable in instalments with interest in respect of Sales Tax for which representations have been made to the concerned authorities for re-schedulement)*.
- xix) As explained to us and on the basis of the records of the Company examined by us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practices.
- xx) The Company is a Sick Industrial Company within the meaning of Clause (o) of Sub-section (1) of Section 3 of Sick Industrial Companies (Special Provision) Act, 1985 and as informed to us, the Board for Industrial and Financial Reconstruction has appointed the Operating Agency for preparation of rehabilitation package for the Company.
- xxi) In respect of Company's trading activities, we are informed that there are no damaged stocks.

For LODHA & CO.  
Chartered Accountants

(N. K. LODHA)  
Partner

Place: Mumbai

Date: 4th December, 2003



# SHREE DIGVIJAY CEMENT COMPANY LIMITED

## BALANCE SHEET AS AT 30TH SEPTEMBER'2003

Schedules	As At 30.09.2003	(Rs. in Lacs) As At 30.09.2002
<b>SOURCES OF FUNDS</b>		
<b>Shareholders' Funds</b>		
Share Capital	1	745.54
Reserves and Surplus	2	142.30
<b>Loan Funds</b>		
Secured Loans	3	13,644.45
Unsecured Loans	4	10,206.85
<b>TOTAL</b>		<b>24,739.14</b>
<b>APPLICATION OF FUNDS</b>		
<b>Fixed Assets</b>		
Gross Block	5	19,010.89
Less : Depreciation		9,071.07
Net Block		9,939.82
Capital Work-in-Progress		3.27
		9,943.09
Investments	6	1.75
<b>Current Assets, Loans and Advances</b>		
Interest accrued on Investments		0.35
Inventories	7	2,725.83
Sundry Debtors	8	956.44
Cash and Bank Balances	9	297.34
Loans and Advances	10	1,174.83
		5,154.79
Less :		
<b>Current Liabilities and Provisions</b>		
Liabilities	11	12,754.66
Provisions	12	113.82
		12,868.48
<b>Net Current Assets</b>		<b>(7,713.69)</b>
Deferred Tax Assets (Net)	22	2,909.54
<b>Balance as per attached Profit and Loss Account</b>		<b>19,598.45</b>
<b>TOTAL</b>		<b>24,739.14</b>
Accounting Policies and Notes on Accounts	23	

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER'2003

Schedules	30.09.03	(Rs. in Lacs) 30.09.2002
<b>INCOME</b>		
Sales & Services	13	16,810.66
Less : Excise Duty		2,713.28
Net Sales & Services		14,097.38
Interest and Dividend Income	14	249.13
Other Income	15	1,056.47
Increase / (Decrease) in Stocks	16	(444.08)
		14,958.90
<b>EXPENDITURE</b>		
Raw Materials Consumed	17	2,434.96
Manufacturing Expenses	18	7,798.71
Payments to and Provisions for employees	19	1,216.07
Selling, Distribution ,Administration and Other Expenses	20	2,675.84
Interest (Net)	21	3,472.06
Depreciation	5	866.72
		18,464.36
<b>Profit/(Loss) before exceptional item</b>		<b>(3,505.46)</b>
Exceptional item -		
Employees Separation Compensation		(40.08)
<b>Profit/(Loss) before tax</b>		<b>(3,545.54)</b>
Add : Income Tax Refund of earlier years		159.49
Less : Provision for tax for earlier years		24.30
Add : Deferred Tax Credit (Net) (Refer note no.19)		—
<b>Profit/(Loss) after tax</b>		<b>(3,410.35)</b>
<b>Balance brought forward from Previous Year</b>		<b>(16,188.10)</b>
Investment Allowance Reserve no longer Required		—
Deferred Tax Credits for earlier years on initial adoption.		—
<b>Balance Carried to Balance Sheet</b>		<b>(19,598.45)</b>
<b>Earning per share (Basic and Diluted)</b>		
— Before exceptional item		(45.21)
— After exceptional item		(45.75)
Accounting Policies and Notes on Accounts	23	

As per our report of even date

For LODHA & CO.  
Chartered Accountants

(N.K. LODHA)  
Partner

Mumbai  
04th Dec,2003

K. JAISALMERIA  
Vice President (Comm.)

S.N. MALPANI  
Co.Secretary & Manager

K. D. AGRAWAL Chairman

S. MISRA  
O. P. PURANMALKA  
S. K. MAHESHWARI } Directors

# SHREE DIGVIJAY CEMENT COMPANY LIMITED

## SCHEDULES FORMING PART OF ACCOUNTS

### SCHEDULE 1

		(Rs. in Lacs)	
		As At 30.09.2003	As At 30.09.2002
<b>SHARE CAPITAL</b>			
<b>Authorised</b>			
25,000,000	Equity Shares of Rs.10/- each	2,500.00	2,500.00
10,000,000	Cumulative Preference Shares of Rs.100/- each	10,000.00	10,000.00
		12,500.00	12,500.00
<b>Issued</b>			
7,458,865	Equity Shares of Rs.10/- each	745.89	745.89
<b>Subscribed &amp; Paid-up</b>			
7,455,830	Equity Shares of Rs.10/- each fully paid	745.58	745.58
	Less : 1,120 Equity Shares of Rs.10/- each forfeited	(0.11)	(0.11)
		745.47	745.47
	Add : Forfeited Shares (amount originally paid-up) on Equity Shares	0.06	0.06
	Add : Application and Allotment money on 21 Equity coupons	0.01	0.01
<b>TOTAL</b>		<b>745.54</b>	<b>745.54</b>

#### Notes

#### Of the above: -

- 997,540 Equity Shares ( Previous Year 997,540 ) were allotted as fully paid-up bonus shares by capitalisation from General Reserve.
- 400,000 Equity Shares ( Previous Year 400,000 ) were allotted pursuant to a contract without payment being received in cash.
- 4,652,870 Equity Shares (Previous Year 4,652,870 ) are held by holding company M/s. Grasim Industries Ltd.

### SCHEDULE 2

#### RESERVES AND SURPLUS

<b>Capital Reserve</b>			
As per last Balance Sheet	62.87	26.87	
Add : Subsidy received from State Government	24.00	36.00	
	86.87	62.87	
<b>Capital Redemption Reserve</b>			
As per last Balance Sheet	35.00	35.00	
<b>Share Premium</b>			
As per last Balance Sheet	20.43	20.43	
<b>Investment Allowance Reserve (Utilised)</b>			
As per last Balance Sheet	—	14.60	
Less : Transferred to Profit and Loss Account	—	(14.60)	
<b>TOTAL</b>	<b>142.30</b>	<b>118.30</b>	

### SCHEDULE 3

		(Rs. in Lacs)	
		As At 30.09.2003	As At 30.09.2002
<b>SECURED LOANS</b>			
<b>1. Debentures</b>			
(a) 500,000	12.25% Non-convertible debentures of Rs.100/- each privately placed with a Bank. (Now with a body Corporate)	500.00	500.00
(b) 1,500,000	8% (12.25% earlier) Non-convertible debentures of Rs.100/- each privately placed with a Bank.	1,500.00	1,500.00
(c) 2,000,000	12.25% Non-convertible debentures of Rs.100/- each privately placed with Financial Institution. Interest accrued and due on above	2,000.00 170.39	2,000.00 70.71
<b>(Details as per notes given below in seriatim of debentures)</b>			
<b>2. Term Loan from ICICI Bank Ltd.</b>			
	Interest accrued and due on above	8,000.00 249.32	8,000.00 —
<b>3. Loans from a Bank</b>			
	Cash / Packing credit facilities	1,224.74	1,558.79
<b>TOTAL</b>		<b>13,644.45</b>	<b>13,629.50</b>

#### NOTES:

- (i) Debentures are redeemable as under:

- 500,000, debentures are redeemable as on 30th Nov'2005 (Rescheduled).
- 1,500,000, debentures are redeemable in seven half yearly installments during the period 1st January, 2003 to 1st January, 2006. (Rescheduled)
- 2,000,000, debentures are redeemable in four equal annual installments commencing from 1st July, 2002. "Company's request for reschedulement of redemption period which is pending to above Debentureholders."

- Reduction in interest rate and reschedulement of re-payment of debentures are subject to compliance of certain conditions stated in letter of reschedulement received from Banks / Financial Institutions.

- The Debentures [except in 1(a)] and term loan under Sr. No. 2 are secured by first mortgage on fixed assets of the Company and shall be ranking pari passu with the charges. The debentures referred to in 1(a) are secured by a residual charge on fixed assets of the Company.
- Loans from a Bank are Secured by hypothecation of Inventories and a second charge on fixed assets of the Company.

### SCHEDULE - 4

#### UNSECURED LOANS

Inter Corporate Deposits	9,470.00	8,800.00
Interest Accrued and Due on above	730.99	466.73
Bank Overdraft	5.86	—
<b>TOTAL</b>	<b>10,206.85</b>	<b>9,266.73</b>

# SHREE DIGVIJAY CEMENT COMPANY LIMITED

## SCHEDULE 5 FIXED ASSETS

(Rs. in Lacs)											
Sr.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
No.		As at 01/10/2002	Additions	Adjustments/ Deductions	As at 30/09/2003	Upto 30/09/2002	For the Year	Adjustments/ Deductions	Upto 30/09/2003	As at 30/09/2003	As at 30/09/2002
1	FREEHOLD LAND**	13.38	—	—	13.38	—	—	—	—	13.38	13.38
2	BUILDINGS	777.46	2.88	16.48	763.86	260.41	18.01	2.69	275.73	488.13	517.05
3	RAILWAY SIDINGS	167.07	—	—	167.07	87.11	4.05	—	91.16	75.91	79.96
4	PLANT AND MACHINERY	16,326.78	106.67	0.17	16,433.28	7,159.11	760.82	0.09	7,919.84	8,513.44	9,167.67
5	ELECTRIC INSTALLATIONS	629.83	—	—	629.83	333.57	27.41	—	360.98	268.85	296.26
6	ROLLING STOCKS AND LOCOMOTIVES	74.79	—	—	74.79	70.33	0.77	—	71.10	3.69	4.46
7	FURNITURE, FIXTURES & OFFICE EQUIPMENTS	400.83	14.25	52.40	362.68	241.77	26.59	34.07	234.29	128.39	159.06
8	VEHICLES ETC.	63.89	0.05	6.38	57.56	28.84	4.92	4.43	29.33	28.23	35.05
9	JETTY & WHARF***	508.44	—	—	508.44	64.49	24.15	—	88.64	419.80	443.95
	TOTAL	18,962.47	123.85	75.43	19,010.89	8,245.63	866.72	41.28	9,071.07	9,939.82	10,716.84
	Capital Work-in-Progress (including advances and preoperative expenses)									3.27	6.98
	GRAND TOTAL :- (Oct'02 to Sep'03)	18,962.47	123.85	75.43	19,010.89	8,245.63	866.72	41.28	9,071.07	9,943.09	10,723.82
	Previous Year :- (Oct'01 to Sep'02)	18,875.46	710.25	623.24	18,962.47	7,828.70	916.79	499.86	8,245.63	10,723.82	

\* The Gross Block of Assets as on 30th Sept'2003 include Rs. 1,506.90 lacs, (previous year Rs.1,506.90 lacs) [ Net Block Rs. 319.45 lacs, (previous year Rs. 349.33 lacs) ] on account of Revaluation of certain assets carried out in the year 1984 by an independent valuer on the basis of current replacement cost.

\*\* In case of leasehold land the Company pays ground rent.

\*\*\*Title with Gujarat Maritime Board (GMB), the Company is, however, entitled to use on payment of port charges at concessional rate which is pending for approval.

## SCHEDULE 6

	(Rs. In Lacs)	
	As At 30/09/2003	As At 30/09/2002
<b>INVESTMENTS - Long Term (At Cost)</b>		
1. Government and Trust Securities		
i) Government Securities		
<b>Unquoted -</b>		
Securities deposited with Government Departments	0.67	0.67
<b>Quoted -</b>		
Securities deposited with Government Departments	0.00	0.01
ii) Trust Securities		
<b>Quoted -</b>		
Securities deposited with Government Departments		
<b>968 Bonds</b> of Rs. 100 each in 6.75% Tax Free US 64 Bonds	0.97	1.01
(Previous Year - 8685 Units of Rs.10 each in "Unit Trust of India - 1964 Scheme")		
2. Shares, Loans and Debentures		
Unquoted - Fully paid		
i) Equity shares		
10 Bajajgar Co-operative Housing Society Ltd. of Rs. 50 each	-	0.01
ii) Debentures (Non Trade)		
20 2% Bharat Chamber of commerce of Rs.500 each.	0.10	0.10
12 8% Indian Chamber of commerce of Rs.100 each.	0.01	0.01
2 8% Indian Chamber of commerce of Rs. 25 each.		
<b>TOTAL :-</b>	<b>1.75</b>	<b>1.81</b>
Aggregate Book Value of :		
a) Quoted Investments	0.97	1.02
b) Unquoted Investments	0.78	0.79
	<b>1.75</b>	<b>1.81</b>
Aggregate Market Value of Quoted Investments	1.05	0.77

## SCHEDULE - 7

	(Rs. In Lacs)	
	As At 30/09/2003	As At 30/09/2002
<b>INVENTORIES</b> (As valued and certified by the Management)		
(At lower of cost and net realisable value unless otherwise stated)		
Stores and Spare parts, Packing Materials and Fuels	1,720.11	1,762.21
Raw materials	320.00	183.22
Finished Goods - including in transit Rs. 6.92 lacs, (Previous year Rs.32.79 lacs)	278.47	317.42
Process Stock	397.35	781.80
Waste / Scrap (at net realisable value)	9.90	30.58
<b>TOTAL</b>	<b>2,725.83</b>	<b>3,075.23</b>

## SCHEDULE - 8

<b>SUNDRY DEBTORS</b>		
<b>Exceeding six months</b>		
Good and Secured	1.44	11.30
Good and Unsecured	93.06	135.89
Doubtful and Unsecured	638.87	588.80
Less: Provision for Doubtful Debts	(638.87)	(588.80)
	<b>94.50</b>	<b>147.19</b>
<b>Others</b>		
Good and Secured	101.22	372.16
Good and Unsecured	760.72	928.97
	<b>861.94</b>	<b>1,301.13</b>
<b>TOTAL</b>	<b>956.44</b>	<b>1,448.32</b>

# SHREE DIGVIJAY CEMENT COMPANY LIMITED

SCHEDULE - 9	(Rs. In Lacs)		(Rs. In Lacs)
	As At 30/09/2003	As At 30/09/2002	
CASH AND BANK BALANCES			
Cash balance on hand	1.27	2.31	
Bank Balances :			
With Scheduled Banks :			
In Current accounts (including cheque under collection)	180.07	82.09	
(including Rs.0.01 Lacs for staff security deposit, Previous Year Rs.0.01 lacs)			
In Fixed deposit accounts (including Rs.0.40 lacs for staff security deposit, Previous Year Rs.0.40 lacs) and interest accrued thereon.	116.00	81.48	
TOTAL	297.34	165.88	
SCHEDULE - 10			
LOANS AND ADVANCES			
(Unsecured, considered good except stated otherwise )			
Deposits and Balances with Government and other Authorities	902.27	1,123.97	
Other Deposits	26.62	35.06	
Advance recoverable in cash or in kind or for value to be received.			
Considered Good	243.71	360.10	
Due from Officer / Manager of the Company Rs.Nil/-, Previous Year Rs.0.41 lacs, Maximum outstanding during the Year Rs.0.41 lacs, Previous Year Rs.0.89 lacs)			
Considered Doubtful	48.61	40.77	
Less: Provision for Doubtful advances	(48.61)	(40.77)	
Tax Deducted at Source	2.23	5.85	
TOTAL	1,174.83	1,524.98	
SCHEDULE - 11			
CURRENT LIABILITIES			
Sundry creditors :			
a) Small scale industrial undertakings* (To the extent identified with available information)	5.55	18.75	
b) Others	8,194.21	6,971.92	
Security and Other Deposits	497.87	454.01	
Investor Education & Protection Fund :			
a) Unpaid / Unclaimed dividend	0.02	0.12	
b) Unpaid application money received by the companies for allotment of securities and due for refund	—	—	
c) Unpaid Matured Deposits	—	—	
d) Unpaid / Unclaimed Matured Debentures	0.29	—	
e) Interest accrued on (a) to (d) above	0.02	—	
Other Liabilities	3,460.09	3,177.73	
Interest accrued but not due on debentures/loans	213.89	213.99	
Sales tax (Note No.4)	221.83	1,115.48	
Amount payable to Gratuity Trust	160.89	243.80	
TOTAL	12,754.66	12,195.80	
*Names of small scale industrial undertakings to whom an amount was outstanding for more than 30 days are : Bright Star Industries & HI-TECH Engineers.			
SCHEDULE - 12			
PROVISIONS			
Provision for Leave Encashment	107.42	82.14	
Provision for Taxation	6.40	—	
TOTAL	113.82	82.14	
SCHEDULE - 13			
SALES & SERVICES			
Sales	16,810.66	20,582.21	
Income from Services (Tax deducted at source Rs.Nil, Previous Year Rs. Nil/-) (Excise duty includes on closing stock Rs.56.99 lacs, Previous year Rs.53.72 lacs)	—	1,575.29	
TOTAL	16,810.66	22,157.50	
SCHEDULE - 14			
INTEREST AND DIVIDEND INCOME			
i) On Long Term Investments			
Interest (Gross) on :			
a) Government and other Securities	—	—	
b) Other Investment (Tax deducted at source Rs.Nil/- , Previous year Rs.Nil/-)	0.02	0.01	
ii) Others			
Interest (Gross) on :			
Refund of Income Tax for earlier years	240.80	—	
Bank and Other Accounts	8.31	16.63	
TOTAL	249.13	16.64	
SCHEDULE - 15			
OTHER INCOME			
Provision for doubtful debts written back	35.33	18.45	
Liability no Longer required written back [Note No. 15]	381.07	—	
Excess / Short Provisions (Net)	343.97	135.57	
Insurance Claims	36.50	7.77	
Exchange Rate difference Fluctuation (Net)	35.51	16.16	
Miscellaneous Receipts	224.09	176.76	
TOTAL	1,056.47	354.71	
SCHEDULE - 16			
INCREASE/(DECREASE) IN STOCKS			
Closing Stock			
Process Stock	397.35	781.80	
Finished Goods	278.47	317.42	
Waste / Scrap	9.90	30.58	
	685.72	1,129.80	
Opening Stock			
Process Stock	781.80	915.76	
Finished Goods	317.42	408.00	
Waste / Scrap	30.58	10.99	
	1,129.80	1,334.75	
Increase / (Decrease) in Stocks	(444.08)	(204.95)	
SCHEDULE - 17			
RAW MATERIALS CONSUMED			
Opening Stock	183.23	213.25	
Add: Purchases and Incidental Expenses	2,571.73	2,814.58	
(includes cost of Lime Stone raised)	2,754.96	3,027.83	
Less:			
Closing Stock	320.00	183.22	
TOTAL	2,434.96	2,844.61	

# SHREE DIGVIJAY CEMENT COMPANY LIMITED

SCHEDULE - 18	30/09/2003	(Rs. In Lacs) 30/09/2002
<b>MANUFACTURING EXPENSES</b>		
Consumption of Stores, Spare Parts and Components,		
Packing Materials and Incidental Expenses	1,637.86	1,437.26
Power and Fuel	5,704.50	5,808.43
Repairs to Building	62.18	38.31
Repairs to Machinery	382.86	174.15
Other Repairs	11.31	10.65
<b>TOTAL</b>	<b>7,798.71</b>	<b>7,468.80</b>

<b>SCHEDULE - 19</b>		
<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages, Bonus, Gratuity etc.	1,060.34	1,965.30
Contribution to Provident and Other funds	95.68	166.11
Employees welfare expenses	60.05	90.20
<b>TOTAL</b>	<b>1,216.07</b>	<b>2,221.61</b>

<b>SCHEDULE - 20</b>		
<b>SELLING, DISTRIBUTION ,ADMINISTRATION AND OTHER EXPENSES</b>		
Sales Expenses including service charges	285.68	314.90
Freight, handling and other expenses	1,433.80	3,048.94
Advertisement and Publicity	162.90	141.08
Insurance	97.56	121.24
Rent (including Lease Rent)	27.48	37.41
Rates and Taxes	88.39	82.18
Stationery, Printing, Postage & Telephone Expenses	60.41	72.37
Travelling & Conveyance	88.56	102.90
Legal & Professional Charges	128.09	331.93
Bad Debts/Advances Written off	2.07	0.01
Research Contribution (including Expenses)	8.11	7.25
Donation	0.71	0.17
Directors' Fees	1.35	0.75
Loss on Sale / discard of Fixed Assets / Investment (Net)	2.61	92.20
Financial Charges	40.84	46.87
Miscellaneous Expenses	149.46	115.06
Prior Period Adjustments (Net)	4.03	74.08
Provisions for doubtful debts and advances	93.79	114.36
<b>TOTAL</b>	<b>2,675.84</b>	<b>4,703.70</b>

<b>SCHEDULE - 21</b>		
<b>INTEREST</b>		
On fixed loan and Debentures	1,441.20	1,490.00
On Other Accounts	2,030.86	2,054.55
	<b>3,472.06</b>	<b>3,544.55</b>
Less : Reversal of Interest [Note No.5(b)]	—	475.23
<b>TOTAL</b>	<b>3,472.06</b>	<b>3,069.32</b>

<b>SCHEDULE - 22</b>		
<b>DEFERRED TAX ASSETS :</b>		
— Provision for Section 43B of Income Tax Act. 1961.	2,435.97	2,435.97
— Unabsorbed Depreciation	960.88	960.88
— Carried forward Losses	608.32	608.32
— Provision for doubtful debts and advances	231.37	231.37
— Employee Separation Compensation	417.89	417.89
	<b>4,654.43</b>	<b>4,654.43</b>

Less :		
<b>DEFERRED TAX LIABILITIES :</b>		
— Depreciation (Time Difference)	1,744.89	1,744.89
<b>NET</b>	<b>2,909.54</b>	<b>2,909.54</b>

(Refer note no. 19)

## SCHEDULE - 23

### ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### (A) SIGNIFICANT ACCOUNTING POLICIES

- Accounting Concepts**  
The company follows the mercantile system of accounting and recognises income and expenditure on accrual basis. The accounts are prepared on historical cost basis as a going concern. Accounting policies are consistent with generally accepted accounting principles.
- Sales / Service Income**  
Sales is inclusive of packing charges and includes self consumption of goods produced. Service Income are inclusive of service tax.
- Valuation of Inventories**  
Inventories are valued at the lower of cost and net realisable value except waste / scrap which is valued at net realisable value. The cost is computed on weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
- Investments**  
Current investments are stated at lower of cost and fair value. Long term investments are stated at cost after provisions made for diminution in the value - other than temporary in nature.
- Research & Development**  
Revenue expenditure on research and development is charged out in the year in which it is incurred. Capital expenditure on research and development is shown as an addition to Fixed Assets.
- Fixed Assets**  
Fixed assets are stated at cost (including other expenses related to acquisition and installation) adjusted by revaluation of certain Fixed Assets.
- Treatment of expenditure during construction period**  
Expenditure during construction period is included under Capital Work-In-Progress and the same is allocated to the respective Fixed Assets on the completion of its construction.
- Borrowing Costs**  
Interest and other costs in connection with the borrowing of the funds to the extent related/attributed to the acquisition / construction of qualifying fixed assets are capitalised upto the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account.
- Accounting of claims and subsidies**
  - Claims/subsidies receivable are accounted at the time of lodgement depending on the certainty of receipt, claims payable are accounted at the time of acceptance.
  - Claims raised by Government authorities regarding taxes and duties and of other parties which are disputed by the Company are accounted based on the merits of each claim. Adjustments, if any, are made in the year in which disputes are settled.
- Depreciation**  
Depreciation on Fixed Assets is provided on straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation in respect of assets added/ disposed-off during the year has been charged on pro-rata basis with reference to the month of addition / deduction. Continuous process plant as defined in Schedule XIV has been taken on technical assessment. Depreciation on increase in value of fixed assets on account of revaluation / exchange rate fluctuations is provided on straight line method during the residual life of the assets.
- Transaction of foreign currency items**  
Foreign currency Assets / Liabilities (other than covered by forward contract which are stated at contracted rates) in respect of fixed assets have been restated into Rupees at the Exchange Rate prevailing at the year end and increase / decrease arising out of it are adjusted to the cost of the Fixed Assets and those relating to other items are adjusted in the Profit & Loss account. Exchange rate difference in respect of forward exchange contract (other than for acquisition of Fixed Assets) is recognised as an income or expense over the life of the contract.
- Retirement benefits**  
The company makes contribution to provident fund and superannuation fund. Liability for Gratuity has been actuarially ascertained and funded. Liability for Leave Encashment is accounted for on actuarial valuation basis.
- Taxation**  
Provision for Income tax liability are considered and made at current rate of tax in accordance with the Income Tax Act, 1961.  
  
Deferred tax is recognised, subject to the consideration of prudence on timing differences, being difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.  
  
Deferred Tax Assets (DTA) arising on account of brought forward losses and unabsorbed depreciation are recognised only when there is a certainty of realisations supported by convincing evidence. The accumulated Deferred Tax Assets /Liabilities is adjusted by applying the tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date.
- Contingent Liabilities:** Contingent liabilities are not provided for and are disclosed by way of note.

# SHREE DIGVIJAY CEMENT COMPANY LIMITED

## (B) NOTES ON ACCOUNTS

### 1 Quantitative information pursuant to the provisions of part II of Schedule VI to The Companies Act, 1956.

#### A. Licensed and installed capacity and production :

		2002-2003		2001-2002	
		Installed*	Production	Installed*	Production
Cement (Tonnes)	Dry Process Unit	875,000	688,807	875,000	882,560
	Wet Process Unit	200,000	38,561	200,000	46,435
TOTAL		1,075,000	727,368	1,075,000	928,995

#### Notes :

- Licence capacity per annum not indicated due to abolition of Industrial licence as per Notification No. S.O. 477(E) dt. 25th July, 1991, issued under the Industrial (Development and Regulation) Act, 1951.
- \* As certified by the Management and accepted by the Auditors as correct, being a technical matter.

#### B. Sales

	2002-2003		2001-2002	
	Quantity	Value	Quantity	Value
	(Tonnes)	(Rs. in lacs)	(Tonnes)	(Rs. in lacs)
Cement *	730,555	15,049.79	931,236	19,738.72
Clinker	182,282	1,760.87	97,009	843.49
TOTAL		16,810.66		20,582.21

\* Includes self consumption 359.05 MT, value Rs.6.60 lacs (previous year 547.60 MT, value Rs.11.84 lacs) and transit loss, damages, shortages etc.

#### C. Stocks

	Opening Stock				Closing Stock			
	01/10/2002		01/10/2001		30/09/2003		30/09/2002	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	(Tonnes)	(Rs. In lacs)	(Tonnes)	(Rs. In lacs)	(Tonnes)	(Rs.in lacs)	(Tonnes)	(Rs.in lacs)
Cement	19,112	317.42	21,353	405.23	15,925	278.47	19,112	317.42
Clinker	-	-	2,642	2.77	-	-	-	-
TOTAL		317.42		408.00		278.47		317.42

#### D. Raw materials consumed

	2002-2003		2001-2002	
	Quantity (MT)	Value (Rs. in lacs)	Quantity (MT)	Value (Rs. in lacs)
Limestone	1,138,321	2,009.60	1,407,542	2,531.73
Gypsum	34,285	169.12	38,694	193.12
Others	-	256.24	-	119.75
TOTAL		2,434.96		2,844.61

#### E. Value of imported and indigeneous raw materials, spare parts and components consumed.

	2002-2003				2001-2002			
	Raw Material		Stores, Spare parts & Components etc.		Raw Material		Stores, Spare parts & Components etc.	
	Value Rs. In lacs	% of Total Consumption	Value Rs. In lacs	% of Total Consumption	Value Rs. In lacs	% of Total Consumption	Value Rs. In lacs	% of Total Consumption
Imported	-	-	79.55	4.56	-	-	49.93	3.15
Indigenous	2,434.96	100.00	*1,665.72	95.44	2,844.61	100.00	1,534.85	96.85
TOTAL	2,434.96	100.00	1,745.26	100.00	2,844.61	100.00	1,584.78	100.00

\* including shown under other heads of expenses.

# SHREE DIGVIJAY CEMENT COMPANY LIMITED

	2002-2003	2001-2002
	Rs. In lacs	Rs. In lacs
<b>F. C.I.F. value of imports</b>		
Coal	1,241.04	1,759.60
Capital goods	-	2.81
Components & Spare parts	129.20	59.45

G. Expenditure in Foreign currencies (in rupee equivalent)		
Travelling	0.24	-
Others	7.57	641.35

H. Earnings in foreign currencies		
F.O.B value of exports	1,862.14	1,051.05

2. Estimated amount of contracts remaining to be executed on capital account and not provided for against net of advances paid Rs. 0.92 Lacs (previous year Rs.0.70 Lacs).	75.66	24.34
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3 Contingent liabilities not provided for in respect of :

a) Demand raised by Gujarat Electricity Board (GEB) contested by the Company in Gujarat High Court Rs.715.20 Lacs (previous year Rs.715.20 Lacs) including delayed payment charges. A sum of Rs.715.20 Lacs (previous year Rs.715.20 Lacs) has been deposited with GEB under protest. (Refer Note No.9)

b) Rent on Water pipelines by Panchayat, Irrigation Deptt., Govt. of Gujarat Rs.50.68 Lacs (previous year Rs.132.09 Lacs).

c) Excise duty demand disputed by the Company Rs. 527.79 Lacs (previous year Rs. 422.58 Lacs).

d) Custom Duty and Interest, which may arise if obligation for cement export is not fulfilled against import of inputs made under Advance Licence Scheme in earlier years - Rs.49.68 lacs (previous year Rs.135.55 Lacs).

e) Outstanding Bank Guarantees Rs.296.13 Lacs (previous year Rs.251.32 Lacs), net of Rs. 244.96 Lacs (previous year Rs. 244.96 lacs) against export obligation.

f) Claims against the company not acknowledged as debts Rs.283.07 lacs (previous year Rs. 93.09 lacs).

4 Pursuant to consent decree filed in earlier years in the High Court of Gujarat, Sales Tax earlier claimed as benefit aggregating to Rs.4940.38 lacs pertaining to earlier years had been provided for in the year 1998-99. Accordingly, as per consent decree, down payment of Rs.1500 lacs including interest has been made and balance is payable in 10 half yearly equal installments starting from 31.03.1999 along with interest @ 9% thereon w.e.f 01.04.1998.Till date,payment amounting to Rs.4718.55 lacs has been made. However due to financial stringencies there has been delay in payment of certain installments.

5 a) Provision for Penal Interest / liquidated damages on overdue payment of Non Convertible Debentures & loans has not been made pending finalisation of rehabilitation package (amount unascertained)

b) Interest is net of reversal for earlier years written back pursuant to reduction in interest rate on term loan / debentures Rs. Nil (previous year Rs. 398.55 lacs ) and on other accounts being saving on sales tax paid under amnesty scheme of Rs.Nil (previous year Rs. 76.68).

6 In compliance of High Court Orders and pursuant to scheme of arrangement between the Company and Gujarat Composite Ltd, loss arisen out of transfer of units was adjusted against the Reserve on Revaluation of Fixed Assets in an earlier year. Consequently, depreciation for the current year includes Rs.29.87 lacs (previous year Rs. 43.79 lacs) pertaining to depreciation on revalued portion of Fixed Assets for current year with consequent increase in loss for the year.

7 The following are included under other heads of expenses in the Profit and Loss Account :

	2002-2003	2001-2002
	(Rs in lacs)	(Rs in lacs)
a) Salaries , Wages and Bonus etc.	105.74	102.85
b) Contribution to provident fund and other funds	6.82	6.43
c) Welfare Expenses	4.33	3.45
d) Stores & spares Consumed	107.40	147.52
e) Royalty and Cess Charges	293.62	316.36
f) Power and Fuel	12.53	16.95
g) Repair and maintenance	0.60	1.24
h) Rates & taxes / Insurance	1.18	0.93
i) Miscellaneous expenses	6.09	8.41
	<b>538.32</b>	<b>604.14</b>

8 Capital Work in Progress / Addition to Fixed Assets include Plant and Machinery under installation/transit, building under construction, advance for plant and machinery and following pre-operative expenditure pending allocation / capitalisation :

	2002-2003	2001-2002
	(Rs in lacs)	(Rs in lacs)
a) Interest	—	21.55
b) Stores and Spares	103.80	50.07
c) Others	1.83	0.13
	105.63	71.75
Add : Expenditure upto Previous Year	6.28	158.19
	111.91	229.94
Less: Transferred to Fixed Assets / Sales	109.56	223.66
	2.35	6.28

9 Gujarat Electricity Board (GEB) had raised demand of Rs.1336.79 lacs by way of Supplementary bill based on their own assumption and calculation, which was challenged by the Company in the Gujarat High Court as unfounded and baseless. As per direction of the Court, the Company had filed its appeal with the Appellate Committee of GEB, who after hearing both the parties, reduced the demand to Rs.447.88 lacs. The Company had again approached the Gujarat High Court and the matter is sub-judice. GEB had also raised demand of Rs.267.32 lacs (previous year Rs.267.32 lacs) being delayed payment charges which has not been accepted by the Company pending decision of the Court. According to the Company, no amount on this account is payable and therefore, no provision there against is considered necessary.

10 In the absence of profits, debenture redemption reserve amounting to Rs.1000.00 lacs (Previous year Rs. 1000 lacs ) has not been created.

11 In earlier years, the Company has assigned its rights, title and interest in the leasehold land and premises at Sewree, Mumbai from Mumbai Port Trust (MPT) at a consideration of Rs.65.00 lacs subject to MPT approval to be arranged by the Assignee. On receipt of payment, possession of the land and premises was handed over, pending approval of MPT. MPT has issued notice for surrender of vacant possession of the land and has raised the demand towards arrears of lease rent, interest etc. amounting to Rs.801.36 lacs (upto 30th Sep 2002 Rs. 655.51 lacs ) based on their own assumptions and calculation. As per the assignment terms, the assignee is responsible and accountable to such demands and are to attend/settle the matter with MPT. Accordingly, the Company has asked the assignee to deal in the matter with MPT.

12 Income from services include - inter divisional income of Rs. Nil (previous year Rs.46.12 lacs) Unrealised profit on unsold stock has been eliminated while valuing the inventories. This accounting treatment has no impact on the loss of the company.

13 Tax deducted at source from Rent Rs. 0.09 lacs (Previous year Rs.1.69 lacs) and from Others Rs. 1.30 lacs (Previous year Rs. 1.52 lacs)

14 Sundry debtors exceeding 6 months of Rs.38.76 lacs (previous year Rs.28.18 lacs) pending confirmation, for which necessary legal / persuasive action for recovery has been taken and in the opinion of management these are good and recoverable.

15 Other Income include :

Liability no longer required written back Rs.381.07 lacs in respect of reduction in interest rate on outstanding Sales Tax/Electricity Duty approved in terms of letter dated 15th September, 2003 from Government of Gujarat vide letter no.BFR-1.2002-834(Part-II)-P pending finalisation of Rehabilitation Package and compliance with various terms specified in the said letter. In the event these conditions not being complied with, there may be additional liability which will be dealt with in the accounts, if any, when determined.

16 Prior period adjustments (net) includes Rates & Taxes (incl. Sales Tax) Dr. Rs. 0.47 lacs (previous year Dr.Rs.98.74 lacs),Repairs to Building & Machinery Rs.Nil (previous year Dr.Rs.16.64 lacs), Rent Rs. Nil (previous year Cr.Rs.47.44 lacs), Misc expenses Dr. Rs. 0.32 lacs (previous year Rs.Nil), Legal & Professional charges Dr. Rs. 0.11 lacs (previous year Rs. Nil ), Power & Fuel Cost Dr.Rs.2.45 Lacs (Previous year Rs.Nil) Interest on OtherAccounts Dr. Rs. 0.68 lacs (previous year Rs. Nil). Advertisement & Sales Promotion Exp Rs.Nil (Previous Year Dr.Rs.0.28 Lacs)

17 The Ministry of Textile vide its order dated 30th June 1997 and 1st July 1999 has deleted cement from the list of Commodities to be packed in jute bags under the Jute Packaging (Compulsory use in packaging commodities) Act, 1987. The matter is pending before the Kolkata High court in respect of demand for the period upto 30th June 1997. However, the Company does not expect any liability for non despatch of cement in jute bags in respect of those years.

18 Despite negative network and continuous losses the accounts of the Company for the year have been prepared on the assumption of "Going Concern Basis"; as the rehabilitation package is under finalisation with the Operating Agency.

19 In compliance with the Accounting Standard (AS) - 22 relating to "Accounting for Taxes on Income" the Company had recognized net Deferred Tax Assets (DTA) to the extent of Rs. 2909.54 lacs in earlier year. This recognition was based on reasonable certainty of realising it within the stipulated time frame under Income Tax Act, 1961. During the year considering present market outlook and so far reliefs sanctioned by the Government of Gujarat under Rehabilitation Package, creation of DTA has been reassessed for the year ended 30th September, 2003 and accordingly Deferred tax has not been created for the year. However balance of Rs.2909.54 lacs towards DTA (Net) created in earlier year is being carried forward, which the Management is reasonably confident to realise in future on getting proposed rehabilitation package under BIFR.



# SHREE DIGVIJAY CEMENT COMPANY LIMITED

## 20. Advances recoverable in cash or in kind includes:

- (a) Loans & Advances in the nature of Loans given to following parties where there is no repayment schedule

	Balance as on 30.09.03	Balance as on 30.09.02	Maximum amount outstanding during the year 2002-03	Maximum amount outstanding during the year 2001-02
	(Rs. in Lacs)	(Rs. in Lacs)	(Rs. in Lacs)	(Rs. in Lacs)
i) I.C.C. Society Ltd.	14.66	13.72	14.66	14.51
ii) Shree Digvijay Cement- Education Society	0.05	0.05	0.05	0.05

- (b) Loans & Advances given to employees interest free/at concessional rates amounting to Rs. 1.87 lacs (previous year Rs. 3.36 lacs), maximum amount outstanding during the year Rs. 4.31 lacs (previous year Rs. 6.22 lacs).

## 21 Segment Reporting

The Company does not have more than one reportable segment in line with Accounting Standard - 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, hence the Segment information is not required to be given.

## 22 Related Party Transactions

### (A) Related Parties

	Relationship
i) Grasim Industries Limited	Holding Company
ii) Mr. S.N. Malpani	Manager
iii) Birla Technologies Limited	Fellow Subsidiary
iv) Sun God Trading & Investment Ltd.	Fellow Subsidiary
v) Samruddhi Swastik Trading & Investment Ltd.,	Fellow Subsidiary

### (B) Nature of Transaction with the related parties refer to in sr. no. (i) above

	2002-2003 Amount in Rs. Lacs	2001-2002 Amount in Rs. Lacs
i) Sales & Services	45.93	935.05
ii) Other Income received	-	2.23
iii) Purchase of Goods/Payment for other services	862.05	2.01
iv) Interest Paid / Provided	784.99	617.56
v) Inter corporate deposit taken	1120.00	2300.00
vi) Inter corporate deposit repayment	450.00	-
vii) Debentures acquired by holding company	500.00	-
viii) Other advance taken	-	900.00
ix) Outstanding Balances :		
- Receivables	0.81	137.24
- Payables	773.47	912.40
- Secured loan and interest	515.04	-
- Unsecured loan and interest	7001.47	6175.88

### (C) Nature of Transaction with the related parties refer to in sr. no. (ii) above

1. Remuneration (excluding gratuity of Rs.0.45 lacs, previous year Rs.0.63 lacs)	6.92	5.25
2. Outstanding Housing Loan Receivable	Nil	0.41

### (D) Nature of Transaction with the related parties refer to in sr. no. (iii) above

Nil Nil

### (E) Nature of Transaction with the related parties refer to in sr. no. (iv) above

Nil Nil

### (F) Nature of Transaction with the related parties refer to in sr. no. (v) above

Nil Nil

## 23 Earning Per Share (EPS) - The numerators and denominators used to calculate Basic and Diluted Earnings Per Share:

	Year ended 30/09/2003	Year ended 30/09/2002
Profit attributable to the Equity Shareholders (Rs.)		
- Before exceptional item	(3,370.27)	(876.55)
- After exceptional item	(3,410.35)	(2,140.00)
Basic/Weighted average number of Equity Shares - outstanding during the year	7,454,710	7,454,710

Nominal value of Equity Shares (Rs.) 10 10  
Basic / Diluted Earnings per Share (Rs.)

- Before exceptional item	(45.21)	(11.76)
- After exceptional item	(45.75)	(28.71)

## 24 Auditors Remuneration:

a) Statutory Auditors	Rs.	Rs.
Audit Fees	1.80	1.80
Tax Audit Fees	0.60	0.60
For Certification & other works	0.93	1.49
Reimbursement of expenses	1.84	1.20
Total	5.17	5.09

## b) Cost Auditors

Audit Fees	0.52	0.52
Total	0.52	0.52

## 25 Manager's Remuneration

	Rs.	Rs.
Salary *	3.29	2.83
Contribution to PF & Other funds	0.89	0.76
Perquisites	2.74	1.66
Total :-	6.92	5.25

\*Excluding Gratuity provision of Rs.0.45 lacs (previous year Rs.0.63 lacs)

## 26 Balances of certain debtors, creditors, deposits, loans and advances, unclaimed debentures & interest thereon, secured & unsecured loans and banks are subject to confirmation and reconciliation. In the opinion of the Management, there will not be any material impact of such pending confirmation / reconciliation.

## 27 Previous year figures have been recast/regrouped wherever considered necessary.

Signature to Schedules '1' to '23'

As per our report of even date K. D. AGRAWAL Chairman  
S. MISRA  
For LODHA & CO. O. P. PURANMALKA } Directors  
Chartered Accountants S. K. MAHESHWARI }

(N.K. LODHA)  
Partner  
Mumbai K. JAISALMERIA S.N. MALPANI  
04th Dec, 2003 Vice President (Comm.) Co. Secretary & Manager



# SHREE DIGVIJAY CEMENT COMPANY LIMITED

## Balance Sheet Abstract and Company's General Business Profile

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

7 4 9 / T A

Balance Sheet Date

3 0 - 0 9 - 2 0 0 3

State Code

0 4

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

Total Liabilities

2 4 7 3 9 1 4

Total Assets

2 4 7 3 9 1 4

Sources of Funds

Paid-Up Capital

7 4 5 5 4

Reserves & Surplus

1 4 2 3 0

Secured Loans

1 3 6 4 4 4 5

Unsecured Loans

1 0 2 0 6 8 5

Application of Funds

Net Fixed Assets

9 9 4 3 0 9

Investments

1 7 5

Net Current Assets

( 7 7 1 3 6 9 )

Misc. Expenditure

N I L

Deferred Tax Assets (Net)

2 9 0 9 5 4

Accumulated Losses

1 9 5 9 8 4 5

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

1 6 8 1 0 6 6

Total Expenditure

2 1 6 2 1 7 2

Profit /Loss before Tax

( 3 5 4 5 5 4 )

Profit/(Loss) after Tax

( 3 4 1 0 3 5 )

Earnings per Share (Rs.)

N I L

Dividend Rate (%)

N I L

V. Generic Names of Three Principal Products/Services of the Company (as per Monetary terms)

1. Item Code No.

2 5 2 3 2 9 . 0 1

Product Description

G r e y P o r t l a n d C e m e n t

2. Item Code No.

2 5 2 3 1 0 . 0 0

Product Description

C e m e n t , C l i n k e r

K. D. AGRAWAL

S. MISRA

O. P. PURANMALKA

S. K. MAHESHWARI

Chairman

Directors

Mumbai  
04th December, 2003

K.JAISALMERIA  
Vice President (Comm.)

S.N.MALPANI  
Co. Secretary & Manager

# SHREE DIGVIJAY CEMENT COMPANY LIMITED

## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 30th SEPT. 2003

	2002-2003	(Rs. in Lacs)	2001-2002
<b>(A) Cash flow from Operating Activities</b>			
a. Net Profit /(Loss) before tax and exceptional items:	(3505.46)		(2047.63)
Adjustment for:			
Depreciation	866.72		916.79
Interest	3472.06		3069.32
Provisions for doubtful debts and advances	93.79		114.36
Loss on sale/discard of fixed assets (Net)	2.61		92.20
Interest Income	(249.13)		(16.64)
Provisions for doubtful debts written back	(35.33)		(18.45)
	<u>645.26</u>		<u>2109.95</u>
b. Operating profit before working capital changes			
Adjustment for:			
Trade and other receivables	803.95		32.39
Inventories	349.40		283.70
Trade payables	<u>(149.50)</u>		<u>100.51</u>
c. Cash generated from operations	1649.11		2526.55
Direct taxes paid	(20.67)		0.00
Income tax refund received	<u>159.49</u>		<u>0.00</u>
Cash from operating activities before exceptional items	1787.93		2526.55
d. Exceptional item	<u>(40.07)</u>		<u>(1263.45)</u>
<b>Net cash flow from operating activities</b>	<b>1747.86</b>		<b>1263.10</b>
<b>(B) Cash flow from Investing Activities</b>			
Sale of Fixed Assets	31.61		31.18
Interest received	249.13		16.64
Dividend received	0.00		0.00
Purchase of fixed assets	<u>(120.14)</u>		<u>(105.68)</u>
<b>Net Cash from/(used in) Investing Activities</b>	<b>160.60</b>		<b>(57.86)</b>
<b>(C) Cash flow from Financing Activities</b>			
Proceeds from borrowings	791.81		2615.90
Repayment for borrowings	(450.00)		(1000.00)
Interest paid	<u>(2118.81)</u>		<u>(2994.49)</u>
<b>Net Cash from/(used in) Financing Activities</b>	<b>(1777.00)</b>		<b>(1378.59)</b>
<b>(D) Net increase/(decrease) in Cash &amp; Cash equivalents</b>	<b>131.46</b>		<b>(173.35)</b>
Cash & Cash equivalents at beginning of the year	165.88		339.23
Cash & Cash equivalents at end of the year	297.34		165.88
(Cash and cash equivalents represent Cash and Bank balances)			
Note : Previous year figures have been regrouped / recast wherever necessary.			

As per our separate report attached

For LODHA & CO.  
Chartered Accountants

N.K. LODHA  
Partner

Mumbai  
04th December, 2003

K.JAISALMERIA  
Vice President (Comm.)

K. D. AGRAWAL  
S. MISRA  
O. P. PURANMALKA  
S. K. MAHESHWARI

Chairman  
Directors

S.N.MALPANI  
Co. Secretary & Manager

# SUN GOD TRADING AND INVESTMENTS LIMITED

## DIRECTOR'S REPORT

### TO THE MEMBERS

The Directors have pleasure in presenting the Tenth Annual Report of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2004

During the year under review the financial results of the Company show a Loss of Rs.443/- (Previous Year Rs. 2 thousands) after meeting all expenses. In view of loss, no dividend for the year is recommended.

### DIRECTORS

Shri Shailendra K. Jain retires from office by rotation and being eligible offers himself for re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors subscribe to the "Directors Responsibility Statement" and confirm as under :

- i) that in the preparation of the Annual Accounts, the applicable Accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

iii) that the Directors have taken proper and sufficient care of the maintenance of adequate records in accordance with the provisions of this Act for safeguarding the Assets of the company and for preventing and detecting fraud and other irregularities:

iv) that the Directors have prepared the annual accounts on a going concern basis.

### AUDITORS

Messrs Amritlal H. Jain & Co., Chartered Accountants, the Auditors of the Company, retire and being eligible offer themselves for re-appointment.

### PARTICULARS OF EMPLOYEES

The Company had no employee in the Category specified Under Section 217 (2A) of the Companies Act, 1956.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of operations, we have nothing to report on these matters.

By Order of the Board  
SHAILENDRA K. JAIN  
G. K. TULSIAN  
Directors

Birlagram, Nagda  
Dated: 10th April, 2004

## AUDITOR'S REPORT

### TO THE MEMBERS OF SUN GOD TRADING & INVESTMENTS LIMITED

1. We have audited the attached Balance Sheet of Sun God Trading & Investments Limited as at 31st March, 2004 and the annexed Profit and Loss Account of the Company for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :-
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of such books;
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report are in the compliance with the Accounting Standards referred in sub-section 3 (c) of Section 211 of the Companies Act, 1956 to the extent applicable;
  - (e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31st March, 2004 from

being appointed as directors in terms of clause (g) of sub-section (i) of section 274 of the Companies Act, 1956.

(f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the Notes thereon give information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- (i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2004, and
- (ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

for AMRITLAL H. JAIN & CO.  
Chartered Accountants

Date: 10th April, 2004  
Place: Ujjain

Amritlal H. Jain,  
Partner

### ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF SUN GOD TRADING & INVESTMENTS LTD. FOR THE YEAR ENDED ON MARCH 31ST, 2004

1. There are no amounts in respect of Income-tax / Wealth tax and other statutory dues which have not been deposited with the appropriate authorities on account of any dispute.
2. The Company has been registered for a period of more than 5 years. Its accumulated losses at the end of the financial year are less than 50% of its Net Worth. The Company has incurred cash losses in the financial year under report and in the financial year immediately preceding such financial year.
3. During the checks carried out by us, any fraud on or by the company has not been noticed or reported during the year under report.
4. In our opinion and according to the information and explanations given to us, the nature of the Company's business / activities during the year are such that clauses (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix), (xx) of paragraph 4 & 5 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

for AMRITLAL H. JAIN & CO.  
Chartered Accountants

Date: 10th April, 2004  
Place: Ujjain

Amritlal H. Jain  
Partner

# SUN GOD TRADING AND INVESTMENTS LIMITED

## BALANCE SHEET as at 31st March, 2004

### SOURCES OF FUNDS

#### Shareholders' Funds

#### SHARE CAPITAL

##### Authorised :

49000	Equity Shares of Rs. 10 each	490	490
100	15% Redeemable Cumulative Preference Shares of Rs. 100 each	10	10
		<u>500</u>	<u>500</u>

##### Issued and Subscribed :

49000	Equity Shares of Rs. 10 each	490	490
100	15% Redeemable Cumulative Preference Shares of Rs. 100 each	10	10
		<u>500</u>	<u>500</u>

##### Paid up :

49000	Equity Shares of Rs. 10 each fully paid up (49000 Shares held by Grasim Industries Limited.)	490	490
100	15% Redeemable Cumulative Preference Shares of Rs.100 each Fully paid up (Redeemable not later than 12th July, 2004 by virtue of Section 80 A of the Companies Act, 1956 as amendment by the Companies (Amendment) Act, 1988.)	10	10
		<u>500</u>	<u>500</u>
	<b>TOTAL</b>	<u>500</u>	<u>500</u>

### APPLICATION OF FUNDS

#### Investments (At Cost)

##### Unquoted - Fully Paid

7000	Equity Shares in Birla Management Centre Services Ltd.of Rs.10/- each	70	70
300	Preference Shares in Birla Management Centre Services Ltd.of Rs.10/- each	3	3
		<u>73</u>	<u>73</u>

### Current Assets, Loans and Advances

#### Current Assets :

##### Balances with Scheduled Banks :

Current Accounts	410	419
------------------	-----	-----

##### Less:

#### Current Liabilities & Provisions

#### Current Liabilities :

##### Sundry Creditors

Due to holding Company	-	7
Other Liabilities	1	3
	<u>409</u>	<u>409</u>

#### Net Current Assets

#### Miscellaneous Expenditure

##### (To the extent not written off or adjusted)

Preliminary expenses	-	1
----------------------	---	---

#### Profit and Loss Account

Loss as per last Balance Sheet	17	15
Less: As per Profit and Loss Account annexed Rs. 443)	1	2
	<u>18</u>	<u>17</u>

<b>TOTAL</b>	<u>500</u>	<u>500</u>
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Notes on Accounts Schedule 'A'

As per our Report annexed.

For AMRITLAL H. JAIN & CO.,  
Chartered Accountants

AMRITLAL H. JAIN  
Partner

Birlagram, Nagda  
Dated : 10th April, 2004

## PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2004

Rs.in thousands

### INCOME

#### EXPENDITURE

Auditors' Remuneration	2	Nil
Audit Fee	2	Nil
Misc.Expenses	1	1
Preliminary Expenses written off	1	1
	<u>2</u>	<u>2</u>
Balance carried to Balance Sheet (Rs.443)	<u>1</u>	<u>2</u>

Notes on Accounts Schedule 'A'

### SCHEDULE FORMING PART OF ACCOUNTS

#### SCHEDULE 'A'

##### Notes on Accounts

- Contingent Liability not provided for arrears of dividend on Cumulative Preference Shares from 5.11.1994 to 31.3.2004 is Rs. 4 thousands (Previous Year Rs. 3. thousands).
- Significant Accounting Policies
  - Revenues are accounted for on accrual basis.
  - Amortisation of Preliminary Expenses : Preliminary Expenses are amortised over a period of ten years.
- Additional information required under Paragraphs 3 and 4D of Part II of Schedule VI to the Companies Act, 1956: - Nil
- As per AS 18 issued by the Institute of Chartered Accountants of India, the related party is Grasim Industries Ltd. which is the holding Company of your Company.
 

Name of related party	: Grasim Industries Limited
Description of relation	: Holding Company
Transactions dg the year	: Payment of previous year outstanding Rs. 7 thousand
Amount Outstanding to holding Company	: Nil
Provision for doubtful debts	: Nil
Amount written off / written back in respect of debts	: Nil
- The figures have been rounded off to the nearest thousands.
- Figures appearing in brackets denotes negative values.

### Additional Information under Part IV of Schedule VI to the Companies Act, 1956 Balance Sheet Abstract and General Business Profile

- Registration Details :
 

Registration No.	: 10-8446	State Code : 10
Balance Sheet Date	: 31 03 2004	
	Date Month Year	
- Capital Raised during the year (Amount in Rs.Thousands)
 

Public Issue : NIL	Right Issue : NIL
Bonus Issue : NIL	Private Placement : NIL
- Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)
 

Total Liabilities : 500	Total Assets : 500
Sources of Funds : Paid Up Capital : 500	Reserves & Surplus : NIL
Secured Loans : NIL	Unsecured Loans : NIL

Application of Funds : Net Fixed Assets : NIL Investments : NIL  
Net Current Assets : 409 Miscellaneous Expenditure : NIL  
Accumulated Losses : 18
- Performance of the Company (Amount in Rs. Thousands)
 

Turnover : NIL	Total Expenditure : 2
+ - Profit/(Loss) before Tax : (-)1	+ - Profit/(Loss) after tax : (-)1
Earnings per Share (Rs) : (N.A.)	Dividend Rate (%) : N.A.
- Generic Names of Three Principal Products/Services of the Company (as per monetary terms)
 

a) Item Code No.	N.A.	Product Description	N.A.
b) Item Code No.	N.A.	Product Description	N.A.
c) Item Code No.	N.A.	Product Description	N.A.

SHAILENDRA K. JAIN  
D.D.RATHI  
G.K. TULSIAN  
Directors

# SAMRUDDHI SWASTIK TRADING AND INVESTMENTS LIMITED

## DIRECTOR'S REPORT

### TO THE MEMBERS

The Directors have pleasure in presenting the Tenth Annual Report of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2004

### FINANCIAL RESULTS

	Rs.in thousands	
	Current Year	Previous Year
Profit Before Tax	20120	3057
Less: Provision for Tax		
Current Tax	698	375
Earlier year	1508	
Deferred Tax	655	
	2861	811
	17259	1871
Balance brought forward from earlier year	9366	7496
	26625	9367
Appropriations		
Proposed Preference Dividend (Rs.375)		
Corporate Dividend Tax thereon (Rs. 48/- Previous Year Rs.48)		
Balance Carried to Balance Sheet	26625	9366
	26625	9366

### DIVIDEND

Your Directors are glad to recommend the following dividend for the year ended 31st March, 2004 for your consideration for which necessary provision has been made in the accounts:

On 15% Redeemable Cumulative Preference Shares of Rs.100 each partly paid up Rs.25 each. 15 % Dividend ,Rs375 (Previous Year Rs 375)

Dividend Tax thereon @ 12.5% plus surcharge of 2.5% equivalent to 12.81% , Rs.48 (Previous year Rs 48)

### AUDITOR'S REPORT

#### TO THE MEMBERS OF SAMRUDDHI SWASTIK TRADING AND INVESTMENTS LIMITED

- We have audited the attached Balance Sheet of Samruddhi Swastik Trading and Investments Limited as at 31st March, 2004 and the annexed Profit and Loss Account of the Company for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments in the Annexure referred to in paragraph 3 above, we report that :-
  - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of such books;
  - The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account.
  - In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report are in the compliance with the Accounting Standards referred in sub-section 3 (c ) of Section 211 of the Companies Act, 1956 to the extent applicable;
  - In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31st March, 2004 from being appointed as directors in terms of clause (g) of sub-section (i) of section 274 of the Companies Act, 1956.
  - In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the Notes thereon give information

## DIRECTORS

Shri G.K.Tulsian and Shri Shailendra K.Jain retire from office by rotation and being eligible offers themselves for re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors subscribe to the "Directors Responsibility Statement" and confirm as under :

- that in the preparation of the Annual Accounts, the applicable Accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial Year.
- that the Directors have taken proper and sufficient care of the maintenance of adequate records in accordance with the provisions of this Act for safeguarding the Assets of the company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the annual accounts on a going concern basis.

### AUDITORS

Messrs Amritlal H. Jain & Co., Chartered Accountants, the Auditors of the Company, retire and being eligible offer themselves for re-appointment.

### PARTICULARS OF EMPLOYEES

The Company had no employee in the Category specified Under Section 217 (2A) of the Companies Act, 1956.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of operations, we have nothing to report on these matters.

By Order of the Board

O. P. RUNGTA  
SANJEEV BAFNA  
Directors

Birlagram, Nagda  
Dated: 10th April, 2004

required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2004.
- In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

for AMRITLAL H. JAIN & CO.  
Chartered Accountants

Date: 10 th April, 2004  
Place: Ujjain

Amritlal H. Jain,  
Partner

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF SAMRUDDHI SWASTIK TRADING AND INVESTMENTS LTD. FOR THE YEAR ENDED ON MARCH 31ST 2004

- In respect of its Fixed Assets:-  
The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. These fixed asset were physically verified by the Management during the year. We have been informed that no material discrepancies were noticed on such physical verification. Substantial part of fixed assets have not been disposed of during the year, which will effect its status as going concern.
- In our opinion the company has an internal audit system commensurate with its size and nature of business.
- There are no amounts in respect of Income-tax / Wealth tax and other statutory dues which have not been deposited with the appropriate authorities on account of any dispute.
- The Company has no accumulated losses. The company has not incurred cash losses in the financial year under report and financial year immediately preceding such financial year.
- During the checks carried out by , any fraud on or by the company has not been noticed or reported during the year under report.
- In our opinion and according to the information and explanations given to us , the nature of the Company's business / activities during the year are such that clauses (ii),(iii) (iv),(v) (vi) (xi) ,(xii), (xiii), (xvi).(xvii) (xviii), (xix),(xx) of paragraph 4 & 5 of the Companies (Auditor's Report ) Order,2003 are not applicable to the company.

for AMRITLAL H. JAIN & CO.  
Chartered Accountants

Date: 10 th April, 2004  
Place: Ujjain

Amritlal H. Jain,  
Partner

# SAMRUDDHI SWASTIK TRADING AND INVESTMENTS LIMITED

BALANCE SHEET as at 31st March, 2004		Rs in thousands		PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2004		Rs in thousands	
SHAREHOLDER'S FUNDS		Previous year		Previous year			
<b>Share Capital</b>				<b>INCOME</b>			
<b>Authorised :</b>				Interest (Gross) on :			
6999000	Equity Shares of Rs. 10 each	69990	69990	Bank and Other Accounts		1846	1005
100	15% Redeemable Cumulative Preference Shares of Rs. 100 each	10	10	(Tax deducted at source Rs.177 thousands, previous year Rs.379 thousands)			
		70000	70000	Rent Received		5192	5728
<b>Issued and Subscribed :</b>				(Tax deducted at source Rs.1059 thousands, Previous year Rs. 1192 thousands)			
6500000	Equity Shares of Rs. 10 each	65000	65000	Income from Investment		16350	-
100	15% Redeemable Cumulative Preference Shares of Rs. 100 each	10	10	Misc Income		-	4
		65010	65010	Excess & Short Provision		80	-
<b>Paid up :</b>				Prior Period Adjustment -(Income)		15	-
6500000	Equity Shares of Rs.10 each fully paid up (6500000 Shares held by Grasim Industries Limited.)	65000	65000			23483	6737
100	15% Redeemable Cumulative Preference Shares of Rs.100 each partly paid-up Rs.25 each (Redeemable not later than 12th July, 2004 by virtue of Section 80 A of the Companies Act,1956 as amended by the Companies (Amendment) Act, 1988.)	3	3	<b>EXPENDITURE</b>			
<b>Reserves &amp; Surplus</b>				Auditors' Remuneration		5	5
<b>Profit and Loss Account</b>				Audit Fee		5	2
Opening Balance		9366	7495	Tax Audit Fee		10	7
Add: Transferred from Profit Loss Account		17259	1871	Municipal Tax		71	-
		26625	9366	Maintenance Charges		93	-
<b>LOAN FUNDS</b>				Insurance Charges		2	-
<b>Unsecured Loan</b>				Legal & Professional charges		4	269
Due to Holding Company		358008	396187	(Profit) / Loss on sale of Investment		-	168
<b>Deferred Tax Liability</b>		5040	4385	Bank Commission		54	1
<b>TOTAL</b>		454676	474941	Interest Paid		-	26
<b>APPLICATION OF FUNDS</b>				General Charges		80	-
<b>Fixed Assets</b> Schedule 'A'				Preliminary Expenses written off		1	1
Gross Block		75202	75202	Depreciation		3047	3208
Less: Depreciation		17304	14257			3363	3680
Net Block		57898	60945	<b>Profit before Tax</b>		20120	3057
<b>Investments (At Cost)</b>				Provision for Tax			
<b>Shares</b>				Current Tax		698	375
Quoted - Fully Paid				Deferred Tax		655	-
- 2056233 Equity Shares of Rs.10 each in Larsen & Toubro Ltd (Market value Rs.1180997 thousands)		395949	395949	Earlier Tax		1508	811
Unquoted - Fully Paid						2861	1186
- 11500 Equity Shares of Rs.10 each in Birla Project Dev. Co. Ltd.		115	396064	<b>Profit after Tax</b>		17259	1871
<b>Current Assets, Loans and Advances</b>				Profit / (Loss) for the last year Brought forward		9366	7495
<b>Current Assets</b>				<b>Profit available for Appropriation</b>		26625	9366
Sundry Debtors (Unsecured, considered Good, Less than six months)		-	10	<b>Appropriations</b>			
Cash and Bank Balances				Proposed Preference Dividend (Rs.375 Previous year Rs.375)		-	-
Balances with Scheduled Banks :				Corporate Dividend Tax thereon (Rs.48 Previous year Rs.48)		-	-
Current Accounts		577	336	Balance Carried to Balance Sheet		26625	9366
Deposit Account		3252	14487			26625	9366
(Including Accrued Interest Rs. 258 thousands, Previous year Rs. 304 thousands)		3829	14823				
Loans and Advances							
Advance Income tax - Less Provisions		1040	6926				
		4869	21759				
<b>Less: Current Liabilities &amp; Provisions</b>							
<b>Liabilities :</b>							
Sundry Creditors :							
Security and other Deposits		4026	3662				
Other Liabilities		129	50				
		4155	3712				
<b>Provisions:</b>							
Proposed Preference Dividend (Rs.375 previous year Rs.375)		-	-				
Corporate Dividend Tax (Rs.48 previous year Rs.48)		-	-				
		4155	3713				
<b>Net Current Assets</b>		714	18046	Notes on Accounts		Schedule 'B'	
<b>Miscellaneous Expenditure</b>							
(To the extent not written off / adjusted)							
Preliminary expenses		-	1				
<b>TOTAL</b>		454676	474941				
Notes on Accounts		Schedule 'B'					

As per our separate report attached.

For AMRITLAL H. JAIN & CO.,  
Chartered Accountants

AMRITLAL H. JAIN  
Partner

KUNDAN LODHA  
Manager

O.P. RUNGTA  
SHAIENDRA K JAIN  
D D RATHI  
G.K. TULSIAN  
SANJEEV BAFNA  
Directors

Birlagram, Nagda  
Dated : 10th April, 2004

# SAMRUDDHI SWASTIK TRADING AND INVESTMENTS LIMITED

## SCHEDULE FORMING PART OF ACCOUNTS

### SCHEDULE 'A'

#### FIXED ASSETS

Amount in thousands								
Particulars		Gross Block		Depreciation			Net Block	
	As at 01.04.03	Additions -	As at 31.03.04	Upto 31.03.03	For the Year	Upto 31.03.04	As at 31.03.04	As at 31.03.03
Buildings	75202	-	75202	14257	3047	17304	57898	60945
	75202	-	75202	14257	3047	17304	57898	60945
Previous year	75202		75202	11049	3208	14257		

### SCHEDULE 'B'

#### Notes on Accounts

- Significant Accounting Policies :
  - Revenues are accounted for on accrual basis.
  - Fixed Assets & Investments are stated at Cost.
  - Amortisation of Preliminary Expenses:  
Preliminary Expenses are amortised over a period of ten years.
  - Depreciation is charged on Written Down Value Method applying rates of Schedule XIV of the Companies Act 1956.
- Building includes Rs. 67486 thousands being cost of equity shares and debentures of a Company, entitling the Company the right of exclusive occupation and use of certain office premises.
- Additional information required under Paragraphs 3, and 4D of Part II of Schedule VI to the Companies Act, 1956:- Nil
- Contingent liability in respect of Income - tax matter is not provided for Rs.7660 thousands (previous year Nil)

As per our separate report attached.

For AMRITLAL H. JAIN & CO.,  
Chartered Accountants

AMRITLAL H. JAIN  
Partner

KUNDAN LODHA  
Manager

O.P. RUNGTA  
SHAILENDRA K JAIN  
D D RATHI  
G.K. TULSIAN  
SANJEEV BAFNA  
Directors

Birlagram, Nagda

Dated : 10th April, 2004

#### Additional Information under Part IV of Schedule VI to the Companies Act, 1956 Balance Sheet Abstract and General Business Profile

- Registration Details :
 

Registration No.	10-8447			State Code : 10
Balance Sheet Date	31	03	2004	
	Date	Month	Year	
- Capital Raised during the year (Amount in Rs.Thousands)
 

Public Issue : NIL	Right Issue : NIL
Bonus Issue : NIL	Private Placement : NIL
- Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)
 

Sources of Funds :	Total Liabilities : 454676	Total Assets : 454676
	Paid Up Capital : 65003	Reserves & Surplus : 31665
	Secured Loans : NIL	Unsecured Loans : 358008
Application of Funds :	Net Fixed Assets : 57898	Investments : 396064
	Net Current Assets : 714	Miscellaneous Expenditure :
	Accumulated Losses : NIL	
- Performance of the Company (Amount in Rs. Thousands)
 

Turnover : 20120	Total Expenditure : 3363
+ - Profit/(Loss) before Tax : (+) 20120	+ - Profit/(Loss) after tax : (+) 17259
Earnings per Share (Rs.) : 2.66	Dividend Rate (%) :
- Generic Names of Three Principal Products/Services of the Company (as per monetary terms)
 

a) Item Code No.	N.A.
Product Description	N.A.
b) Item Code No.	N.A.
Product Description	N.A.
c) Item Code No.	N.A.
Product Description	N.A.

5 Deferred Tax Assets and Liabilities as on 31st March, 2004 are as under :

	Rs. In thousands	Previous Year
Deferred Tax Assets :	Nil	Nil
Deferred Tax Liabilities :		
- Accumulated Depreciation	5040	4385
Net Deferred Tax Balance	5040	4385

6. As per AS 18 issued by the Institute of Chartered Accountants of India, the related party is Grasim Industries Ltd. which is the holding Company of your Company. The details of transactions are as follows:

Nature of transactions	Amount in thousands		
	Transactions dg FY 04	Outstanding as on 31/3/04	
		By the Company	To the Company
1) Offices Garages given on rent to Grasim Ind Ltd	1885	NA	Nil
2) Interest free deposit recd from Grasim Ind Ltd as per Lease Agreement	-264	1136	NA
3) Unsecured Loan received from Grasim Ind Ltd	-38179	358008	NA

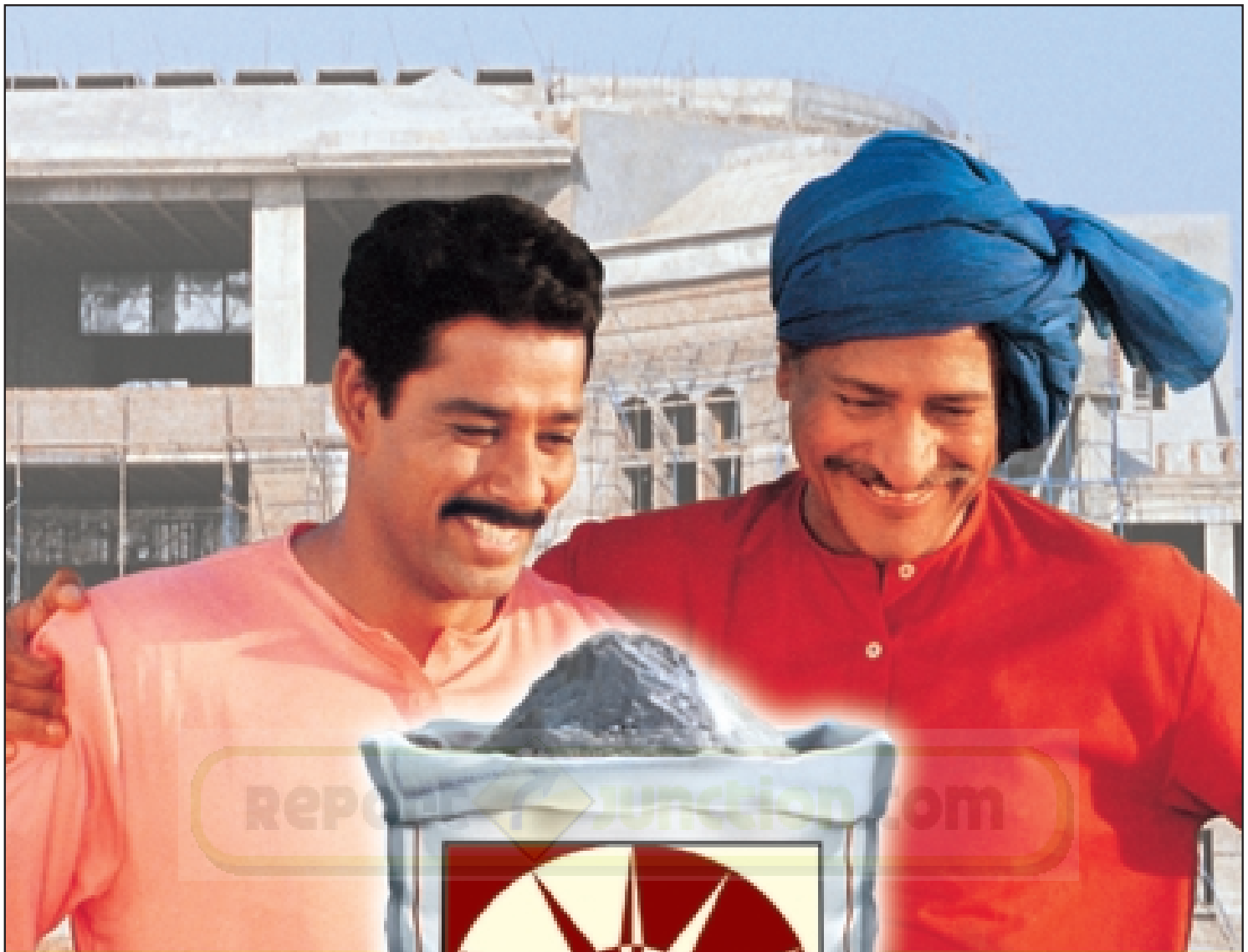
Provision for doubtful debts : Nil

Amount written off / written back in respect of debts : Nil

7. Previous year's figures have been regrouped wherever necessary to make them comparable

8. The figures have been rounded off to the nearest thousands.





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## Har Nirmaan Ki Jaan

Birla Plus Cement provides concrete answers to India's growing demand for quality construction. Powered with HRS, Birla Plus Cement is ideal for virtually every segment of construction including row houses, bungalows, buildings, dams and flyovers. Manufactured with superior technology and quality raw materials, Birla Plus Cement assures greater sustainability even in aggressive environmental conditions. It also gives construction a timeless appeal with its superior quality and growing strength. No wonder it's a unanimous choice among millions of Indians throughout the country.







## **The Aditya Birla Group of Companies – In perspective**

The Aditya Birla Group enjoys a leadership position in all of the sectors in which it operates

### **LISTED COMPANIES:**

<b>Grasim Industries Limited</b>	:	Viscose Staple Fibre, Cement, Sponge Iron, Chemicals, Textiles
<b>Hindalco Industries Limited</b>	:	Aluminium, Copper
<b>Indian Aluminium Company Limited</b>	:	Aluminium
<b>Indian Rayon and Industries Limited</b>	:	Viscose Filament Yarn, Branded Apparels, Carbon Black, Textiles (Spun Yarn & Fabrics)
<b>Indo Gulf Fertilisers Limited</b>	:	Fertilisers
<b>Birla Global Finance Limited</b>	:	Financial Services
<b>PSI Data Systems Limited</b>	:	Software Services
<b>HGI Industries Limited</b>	:	Malleable Iron Castings, Industrial Gases
<b>Tanfac Industries Limited*</b>	:	Fluorine Chemicals
<b>Bihar Caustic and Chemicals Limited</b>	:	Caustic Soda, Liquid Chlorine, Hydrochloric Acid
<b>Shree Digvijay Cement Company Limited</b>	:	Cement

### **JOINT VENTURES\*:**

<b>Birla NGK Insulators Private Limited</b>	:	Insulators
<b>Idea Cellular Limited</b>	:	Telecom
<b>Birla Sun Life</b>	:	Financial Services



## Building Relationships

Man-made cellulosic fibers being produced by Grasim, comprising of Birla Viscose, Spunshades and new age fibers like Viscose Plus and Birla Modal, are being used in fabrics and garments to give you comfort and make you look good & feel great.

**Our new brand identity articulates these attributes, which are critical for consumers and textile value chain.**

When you choose Birla Cellulose, apart from getting the highest quality of fibre, you also have access to our technical & marketing assistance, to make your business grow more n' more.



**Birla Cellulose**  
Fibres from Nature



Birla Cellulose  
**viscose**



Birla Cellulose  
**modal**

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